Austria Sch 18	Indonesia Rp 2500	Portugal Esc 75
Bahrain Din 0.650	Italy L 1100	S. Arabia Rr 6.00
Belgium BFr 36	Japan Y 550	Singapore S$ 3.10
Canada C$ 2.00	Jordan Fils 500	Spain Pta 100
Cyprus Mils 600	Kuwait Fils 500	Sri Lanka Rup 30
Denmark DKr 7.75	Lebanon LL 6.00	Sweden SKr 6.50
Egypt LE1.00	Luxembourg LFr 38	Switzerland SFr 2.00
Finland Fmk 5.50	Malaysia Rm 4.75	Taiwan NT $65
France Fr 8.00	Mexico Pes. 300	Tunisia Din 0.600
Germany DM 2.20	Morocco Dh 6.00	Turkey L 160
Greece Dr 60	Netherlands Fl 2.50	UAE Dh 6.50
Hong Kong HK$ 12	Norway NKr 6.00	USA $1.50
India Rup 15	Philippines Pes 20	

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

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Poland's calculated gamble with amnesty, Page 14

NEWS SUMMARY

GENERAL

Fabius makes minor changes

France's new Prime Minister, M Laurent Fabius, who will seek a vote of confidence in the National Assembly today, completed his ministerial team without making significant concessions to the centre.

The most striking feature of the new team is that there are so few changes from the outgoing Mauroy government.

Only eight ministers have left the government, including the four Communists. Page 2

Minister resigns

Danish Finance Minister Henning Christophersen resigned to become Denmark's EEC Commissioner from January 1 1985. Former Social Affairs Minister Palle Simonsen took over the finance post. Page 2

Bangemann in U.S.

Herr Martin Bangemann, West Germany's new economics minister has left for the U.S. for discussions with senior Administration officials on the world economy and ways of strengthening international trade.

Ruiz-Mateos on bail

Sr José Maria Ruiz-Mateos, the fugitive Spanish business magnate detained in West Germany for three months, is being freed on bail pending a decision on whether to extradite him to Madrid. Page 2

NY trains crash

Two passenger trains collided head-on in the New York borough of Queens, injuring many passengers.

Explosion kills two

An explosion at a plant of the Belgian chemical manufacturing group, Union Chimique Belge in a suburb of Brussels has killed two people.

Sacking uproar

Opposition protests over the sacking of Dr Farooq Abdullah as chief minister of Kashmir brought uproar to India's houses of parliament. Page 4

Kurds free hostages

Kurdish guerrillas in northern Iraq freed an Austrian, a West German and three Frenchmen they had been holding hostage.

Go-ahead for Budd

South African-born runner Zola Budd was declared eligible to run for Britain in the Olympics, International Olympic Committee director Monique Berlioux said.

Union lifts ship ban

Australian maritime unions have lifted a ban which stopped the movement of foreign cargoes for five days. The strike ended when the West German Columbus Line – one of the lines affected by the union's demand for increased Australian manning – dropped legal action against employees.

E. Germans escape

A young East German couple on holiday in Czechoslovakia have escaped unharmed across the country's fortified frontier with West Germany.

Cancer inquiry

An official inquiry gave a "qualified reassurance" that cases of childhood cancer in north-west England were not connected with the nuclear plant at Sellafield. Page 7

Miss America quits

Vanessa Williams, the reigning Miss America and the first black to hold the title, said that she would relinquish her crown at the request of pageant officials after nude photographs of her appeared in Penthouse magazine.

BUSINESS

Merrill Lynch reports $33m loss

MERRILL LYNCH, the Wall Street securities company, reported a $33m net loss in the second quarter compared with a $112m profit in the same period last year. Merrill blamed the "extremely difficult business environment."

WALL STREET: The Dow Jones industrial average closed 4.75 down at 1,096.62. Section III

LONDON equities were hit by further interest rate fears. The FT Industrial Ordinary index shed 20.9 to 755.3. Gilts lost up to a full point. Section III.

FRANKFURT and **AMSTERDAM** stock markets reached lows for the year. The Commerzbank index shed 10.6 to 922 and the ANP-CBS general index 3.8 to 147. Section III.

TOKYO stocks steepened their decline, with the Nikkei-Dow market average off 222.80 to 8,703.35. Background, Page 4; Markets, Section III

HONG KONG markets suffered renewed fears about the colony's future. The Hang Seng index fell 54.08 to 747.02. Background, Page 4; Markets, Section III

DOLLAR improved in London to DM 2.878 (DM 2.858), SwFr 2.441 (SwFr 2.417), FFr 8.8275 (FFr 8.7625) and Y246.9 (Y244.85). On Bank of England figures its trade-weighted index was at a record 137.9 from 136.9. In New York, it closed at DM 2.876, FFr 8.8255, SwFr 2.4405 and Y247.2. Page 33

STERLING fell half a cent to $1.319 but improved to DM 3.79 (DM 3.7825), SwFr 3.2075 (SwFr 3.2025), FFr 11.635 (FFr 11.61) and Y325.75 (Y323.75). Its trade-weighted index rose to 78.9 from 78.7. In New York it closed at $1.3205. Page 33

GOLD dropped $5.75 on the London bullion market to $335.50. It was also lower in Frankfurt at $335.25 and in Zurich at $335.00. In New York, the Comex July settlement was $337.4. Page 32

CRUDE steel output in the non-communist world was up 9.5 per cent on June 1983 at 36.3m tonnes, International Iron and Steel Institute said.

EEC inflation averaged 7.6 per cent in the 12 months to June, slightly above May's 7.5 per cent rate. Inflation in June averaged 8.3 per cent.

CHINA'S TRADE with the Soviet Union quadrupled in the first half of this year to $340m, according to an official in the country's trade ministry.

BANCO de Mexico's primary reserves have increased by more than $2bn this year, according to the Sr Miguel Mancera, the bank's director general. Page 16

ISTITUTO Bancario San Paolo di Torino is to pay $284m for control of Banca Provinciale Lombarda, the private Lombardy bank of Sig Carlo Pesenti. Page 16

SEAT, the Spanish state-controlled motor manufacturer, is to receive massive new government financial aid in the hope that losses will be stemmed next year. Page 17

TECHNIP, the French project engineering group which suffered losses of FFr 40m ($4.5m) in 1982 and FFr 182m last year is to lay off 30 per cent of its 2,750-strong workforce. Page 17

COMMERZBANK, the West German commercial bank, says its earnings are under pressure because of the cost of introducing new technology and higher pay and staff levels. Page 17

RICCAR, the Japanese sewing machine manufacturer, yesterday filed for court debt protection in the fourth largest business failure the country has seen. Page 18

Production difficulties in London may have resulted in typographical errors in unit trusts, some advertisements and elsewhere in today's edition.

Increase in U.S. output fuels fears of overheating

BY STEWART FLEMING IN WASHINGTON

THE BOOM in demand in the U.S. economy continued unabated in the second quarter and is producing the strongest economic recovery the country has seen since the end of the 1949 recession, the Commerce Department reported yesterday.

Real growth in gross national product (GNP) reached an annual rate of 7.5 per cent in the May-to-June period. This is sharply higher than the 5.7 per cent expansion the department forecast for the quarter on the basis of preliminary data available in mid-June.

Mr Donald Regan, Treasury Secretary, said he was "elated" by the report and the White House claimed: "Inflation is nailed down."

The department also revised upwards its earlier estimate of first quarter growth from 8.7 per cent to 10.1 per cent.

The revisions of the GNP figures sent a shock through Wall Street. The Dow Jones industrial average sank again through the 1,100 mark in the morning. Bond prices also fell and short-term interest rates rose between 5 and 10 basis points.

Although many economists were expecting some upward revision of the GNP figures, the size of the increase came as a surprise. It revived fears that the Federal Reserve Board might conclude that the economy was overheating and that more monetary restraint was needed.

The Fed's monetary policymaking open market committee met on Monday and Tuesday of last week. The preliminary judgment of the markets on that meeting was that the central bank had not changed its policy. But some economists are now questioning that assessment.

Political pressures in an election year, moderate inflation and the fact that falling metals and commodity prices are raising concern among some economists about the risk of a worldwide deflation all pose serious policymaking challenges to the central bank.

The government estimated yesterday that, as measured by the broadly based implicit price deflator, inflation in the second quarter at 3.2 per cent was lower than the 4.4 per cent in the first.

Against that background, the testimony which Mr Paul Volcker, the Fed chairman, will give to Congress tomorrow on monetary policy will be closely scrutinised. Many economists expect the Fed chairman will provide some clues as to whether the Fed has shifted gear.

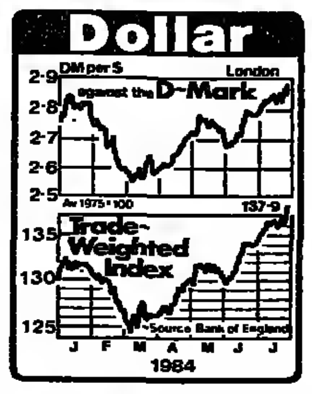
Yesterday's GNP estimate provided striking evidence of the momentum in the economy and where that momentum is coming from. Final sales, which provide the best measure of demand pressures jumped by 10.4 per cent in real terms in the second quarter. In the first quarter, final sales rose only 3.6 per cent.

The main differences between the patterns of growth in the first and second quarter were in stock building and foreign trade. Stock building accounted for two thirds of the first-quarter GNP expansion, but was a negative factor in the second when sales growth outstripped the pace of stock building.

A better foreign trade performance than expected in the second quarter accounted for most of the upward revision to 7.5 per cent.

Mr Malcolm Baldrige, Commerce Secretary, said he expected growth to moderate in the third and fourth quarters, a judgment that administration economists have been making for some time.

Call for banks capital ratio boost, Page 3; Editorial comment, Page 14; U.S. economy grows, Page 18



$ surges to fresh records

By Philip Stephens in London

THE DOLLAR climbed sharply against other leading currencies yesterday as the latest evidence of the strength of the U.S. economy heightened expectations in financial markets that U.S. interest rates were poised to rise.

The renewed surge, which took the U.S. currency to an 11½-year high against the D-Mark and new records against the French franc, Danish krone and South African rand, followed the news that the economy grew by 7.5 per cent in the second quarter.

The revised figure was above most expectations, and stiffened the markets' perception that the Federal Reserve would tighten credit to prevent the economy from overheating.

It led to losses for share and bond prices on both sides of the Atlantic, with the FT Industrial Ordinary index of British shares falling 20.9 points to 755.3, its lowest level of the year.

The dollar closed in London at DM 2.8760, up from DM 2.8580 on Friday, although profit-taking took it below the day's highs of above DM 2.88. Its trade-weighted index, as measured by the Bank of England, rose to a record 137.9 from 136.9.

Foreign exchange dealers predicted further gains for the U.S. currency, but said the markets might pause ahead of the testimony Mr Paul Volcker is to make to the Senate tomorrow.

At present highs, the dollar is also regarded as vulnerable to temporary setbacks stemming from profit-taking or central bank interventions.

The Bank of Japan and the West German Bundesbank yesterday both sold modest amounts of dollars to slow the U.S. currency's rise, but in recent days central banks have held back from the large-scale intervention seen earlier this year.

In London, sterling remained generally steady, falling 0.5 cents to $1.3190.

Tokyo, Hong Kong shares fall, Page 4; Lex, Page 14; Stock markets, Section III; Currencies, Page 33

Labour wins most seats in Israeli poll

BY DAVID LENNON IN TEL AVIV

ISRAEL'S Opposition Labour Party won the largest number of seats in yesterday's general election, according to an Israel television forecast, but it remains uncertain if it will be able to form the next coalition Government.

The nationwide television sample, announced when the polls closed, gave 47 seats in the Knesset (parliament) to Labour, the same as it was in the last election. The Likud bloc of the outgoing Prime Minister, Mr Yitzhak Shamir, was given 42 seats, five less than in 1981.

Although the president is likely to invite Labour first to try to form a government, the Likud expressed confidence last night that it would be able to form a new coalition with the small right-wing and religious parties.

It is clear, however, that whichever of the two main parties manages to form a government, it will be a fairly weak coalition in constant danger of disintegration.

Israel could be entering a period of political instability as a clearly divided nation refused to increase its support for the main parties and split its vote among the 14 parties. The possibility of new elections within a year cannot be ruled out.

As a result of yesterday's polling, it will be very difficult for any government to take any dramatic steps on such divisive issues as the future of the occupied West Bank and Gaza Strip.

Even the tough measures, which are necessary to cure the country's economic ills, may prove difficult to implement if the Government needs to take into account the interests of the numerous small groups it would have to rely on for its continued existence.

Israel's continued military presence in southern Lebanon and the casualties still being sustained as a result of the controversial invasion two years ago hardly featured as an issue during the election campaign.

The Likud bloc tried to make the future of the occupied West Bank one of the key issues. But although Likud warned the voters that if Labour won it would give away part of the West Bank, the public appeared basically indifferent.

On the other hand, it is that very issue that has aroused great interest in the Arab world over the outcome of the elections. It is assumed that if Labour wins, the chances of reviving the peace process are much greater than if Likud remains in power.

Britain under pressure over EEC cash crisis

BY QUENTIN PEEL AND PAUL CHEESERIGHT IN BRUSSELS

BRITAIN was under growing pressure last night over its refusal to sanction extra spending for the European Community budget. West Germany called on EEC foreign ministers, meeting in Brussels, to carry on talking until the matter was resolved.

Herr Hans-Dietrich Genscher, the West German Foreign Minister, said the failure to agree on ways of maintaining finance for European policies was "flogging the Community to death."

Sir Geoffrey Howe, the British Foreign Secretary, agreed to postpone his intended departure for London, in order to hold further talks with Mr Peter Barry, his Irish opposite number, who is chairing the foreign ministers' meeting, on how to resolve the dispute over the EEC cash crisis.

The dispute has pitted Britain squarely against the other nine community members.

Sir Geoffrey showed some signs of flexibility yesterday, when he agreed that the entire 1984 budget gap, variously estimated at between Ecu 1bn ($792m) and Ecu 2.1bn ($1.6bn), could not be financed through cuts in spending.

Much of the deficit could instead be funded by putting off spending


Sir Geoffrey Howe

until 1985, and bringing forward the date from which it had already been agreed to provide more funds, currently January 1, 1986, Sir Geoffrey said.

The Foreign Secretary told a press conference that that was the only solution compatible with a strict interpretation of the Treaty of Rome – in accordance with Britain's insistence that it was the only member of the Community to be true to EEC orthodoxy.

The nine other members, and the European Commission, insist rather that the Council of Ministers must take clear policy decisions on agricultural spending and other new policies that need to be financed, and that some way must be found to do so.

However, there is no clear agreement among them on the combination of savings, deferred spending, and extra finance necessary to bridge the gap.

The Irish Government, currently holding the presidency of the Council, has suggested that the gap could be reduced to some Ecu 1.35bn as an arbitrary figure – although in its capacity as an ordinary EEC member Ireland would find such cuts excessive.

In spite of Herr Genscher's plea, the likely prospect is for a further Budget Council meeting to be called in September to resolve the issue, rather than later this week as some countries had proposed.

If no supplementary budget is approved – the European Commission is asking for the full Ecu 2.1bn – finance for agricultural purchases will start to run out towards the end of October. Then governments will simply be forced to step in and keep the system going.

Ten disagree over new members, Page 2; Move to break trade barriers, Page 6

Brooke Bond fights bid by Tate & Lyle

BY RAY MAUGHAN IN LONDON

BROOKE BOND, the UK tea and meat group, yesterday rejected a surprise £295m ($389m) bid from Tate & Lyle, the British sugar refiner, saying the terms were "wholly inadequate and not in the interests of shareholders, employees or customers."

Tate is offering one share and 350p cash for every seven Brooke Bond shares. Tate shares fell 20p to 312p to value each Brooke Bond share at 94½p against a closing market price of 101p, up 24p.

Although each company is largely engaged in the UK food industry, Tate said yesterday that the areas of direct overlap were negligible and it had therefore not approached the Office of Fair Trading to give outline monopolies guidance.

Tate said: "The combination of Brooke Bond's marketing expertise in branded foods and grocery products with Tate & Lyle's large-scale food processing, distribution and research skills will create a major force in the food manufacturing industry able to compete more effectively and grow faster than the two companies individually."

Mr Neil Shaw, group managing director of Tate, said the company had started looking for suitable large acquisitions before its £42m rights issue last September but had decided against a move into continental Europe. It had been deflected from a takeover in North America by what he called the "risky dollar parity." Tate could only have raised between $100m and $150m, "which does not buy a lot in the U.S.," and Brooke Bond "was on our 'buy' list of food companies."

Tate claimed yesterday that a new management team had "suc-

Lex, Page 16

Continued on Page 16

Brussels near IBM agreement

BY PAUL CHEESERIGHT IN BRUSSELS

THE EUROPEAN Commission and IBM, the world's largest computer manufacturer, are on the verge of settling their long-running and controversial competition dispute, the biggest case of its kind in EEC history.

A formal announcement of how the Commission intends to proceed was planned for yesterday evening but postponed. Officially, the two sides are remaining in contact but the main cause of postponement was the Commission's desire for clarification of one undisclosed technical point.

Inside the Commission it is believed that the terms of an agreement are almost settled, although a breakdown at the last minute is not ruled out.

Mr Frans Andriessen, the commissioner in charge of competition policy, has made clear that the case must be resolved by the summer break. That deadline remains, officials said yesterday, and an announcement is expected later in the week.

If a settlement of the dispute is not reached, the Commission will order IBM to make early disclosure and impose a large fine. IBM will immediately appeal to the European Court of Justice.

The Commission intensified its investigation into IBM affairs two years ago. Recently IBM is said to have moved closer to the Commission position. Yesterday it was emphasised in Brussels that some disagreements remained.

IBM is accused of abusing a dominant position in the market for large computer systems in violation of Article 86 of the Rome Treaty.

The Commission alleges that the company has restricted competition by withholding information that would enable IBM's rivals to make equipment to work with or replace IBM products.

The Commission wants IBM to issue much more technical information about a wide range of products and to publish it 30 days after the products are first announced, instead of waiting until they are shipped to customers. IBM argues that the Commission is seeking to force it to divulge proprietary design information which is vital to its competitive survival.

The technical point still worrying the Commission was on the agenda for a meeting of the 13 commissioners yesterday evening.

Wang results up, Page 17

CONTENTS

Fabius keeps cabinet changes to minimum

BY DAVID HOUSEGO IN PARIS

M LAURENT FABIUS, France's new Prime Minister, who will seek a vote of confidence today in the National Assembly, has completed his ministerial team without making significant concessions to the centre.

The most striking feature is that there are so few changes from the outgoing government of M Pierre Mauroy. Only eight ministers have left the government, including the four Communists.

Among the more striking of the appointments is that of M Haroun Tazieff, France's internationally known volcano expert, to a new portfolio for major technologies and for the prevention of natural disasters. Along with M Hubert Curien, the new Minister of Research, and the driving force of the French space programme, he reflects M Fabius's commitment to new technology sectors.

In part to offset the extra weight of the Socialist Left in the government, M Fabius has also increased the representation of the independent centrist radical movement with the appointement of M Jean-Michel Baylet, its former president as junior Minister for Foreign Affairs.

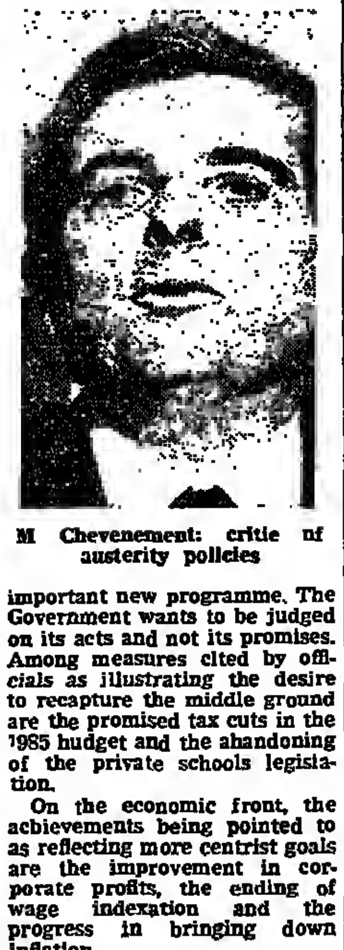
In the wake of reports over the weekend that the ministerial team would only be an interim administration, senior officials insisted yesterday that this government — with only one or two changes — was designed to last until the legislative elections in 1986. Among those who could eventually be replaced are M Claude Cheysson, the Minister of Foreign Affairs, and M Jean-Pierre Chevenement, the new Education Minister, if he should fall out with the Government over economic policy.

M Chevenement has been a long-term advocate of higher economic growth and a critic of the austerity policies that M Fabius intends to pursue. Officials recognise, however, that there could be a need for further tightening if the trade deficit does not improve more rapidly. They hope to avoid further deflationary measures—and say these would be politically difficult—but believe that if they became necessary, M Chevenement's departure would not be a calamity.

The Communists are widely expected to abstain in today's motion of confidence. According to senior officials, M Fabius will give them some moral comfort by emphasising the Government's wish to return to higher rates of economic growth as soon as possible, and to prevent a further rise in unemployment. M Fabius is expected to announce new job training schemes.

But officials say that there will be no ambiguity over the priority M Fabius gives to pursuing anti-inflationary goals and to modernising industry.

Today's statement of policy is not intended to include any important new programme. The Government wants to be judged on its acts and not its promises. Among measures cited by officials as illustrating the desire to recapture the middle ground are the promised tax cuts in the 1985 budget and the abandoning of the private schools legislation.



M Chevenement: critic of austerity policies

On the economic front, the achievements being pointed to as reflecting more centrist goals are the improvement in corporate profits, the ending of wage indexation and the progress in bringing down inflation.

In spite of the mounting belligerency of the opposition, officials still hope to secure a compromise with the Senate over the text of the proposed referendum on civil liberties which President Francois Mitterrand wants to hold in September. But they recognise that if the Senate decides to block the referendum project the Government will have little choice hut to withdraw it.

Inquiry clears Androsch

BY PATRICK SLUM IN VIENNA

AN INVESTIGATION has cleared Dr Hannes Androsch, the former Austrian Finance Minister, of allegations of tax irregularities. Following a five-hour hearing by financial and tax officials here, Dr Walter Schuppich, president of the Vienna Chamber of Lawyers announced that the claims had been disproved.

The allegations against Dr Androsch, who now heads Creditanstalt-Bankverein, the country's biggest bank, have been bandied about in the Austrian Press for months. They have deeply divided the Socialist Party of which he is a member. Dr Androsch was appointed to head the bank in 1981 after resigning as Finance Minister in the course of a widely publicised clash with the then Chancellor Bruno Kreisky.

The tax allegations centred on the source of the money which Dr Androsch used to buy a villa in fashionable Neustift on the outskirts of Vienna. He claimed it came from his father-in-law and from Dr Gustav Steiner, an adopted uncle and long-standing family friend.

Bonn plans to step up ties with Iran

By Jonathan Carr in Frankfurt

WEST GERMANY plans to intensify its political and economic ties with Iran and is urging other Western countries to do the same.

This was made clear yesterday by Herr Hans Dietrich Genscher, the Foreign Minister, following his return from a two-day visit to Tehran.

It was the first such trip by a Western European foreign minister since the 1979 Iranian revolution which deposed the Shah and brought the Ayatollah Khomeini to power.

In a radio interview, Herr Genscher said Iran was ready for a dialogue with the West and "we should be receptive to this, for nothing would be more wrong than to isolate this big and important country."

One key result of Herr Genscher's visit is that the joint German-Iranian economic committee, set up in 1974 after the first oil crisis, is expected to resume sessions this autumn *after a five-year break*.

The West German side is keen to see reactivated bilateral accords on investment and patent protection, and on double taxation, which partly fell into limbo after the revolution.

The Iranians are anxious for steps to help cut their big trade deficit with West Germany—still their most important commercial partner, in front of Japan.

Last year the West Germans boosted deliveries, not least of engineering and chemical products, to Iran by more than 160 per cent to DM 7.7bn (£2.1bn) while their imports—almost all oil—were worth only DM 1.6bn.

In the first five months of this year the West German bilateral trade surplus already totals more than DM 2.5bn. Imports of Iranian oil are down to 320,000 tonnes from nearly 850,000 tonnes in January-May 1983, while imports from Iraq, with whom Iran is at war, rose to 915,000 tonnes from 893,000 over the same period.

To help compensate for the trade imbalance, the West Germans are ready to boost their efforts to train Iranian technical and management personnel.

Danish minister quits coalition

By Hilary Barnes in Copenhagen

THE LEADER of Denmark's Liberal Party, Mr Henning Christophersen, resigned from the four-party non-Socialist Government yesterday. His job as Finance Minister has been taken over by Mr Palle Simonsen, a Conservative and formerly Social Affairs Minister.

Mr Christophersen has resigned to become Denmark's EEC Commissioner from next January. He does not aspire, however, to the agricultural portfolio held by the present Danish Commissioner, Mr Poul Dalsager.

● The Danish trade deficit for the first half-year rose to DKr 4.6bn (£340m) from DKr 370m (£27.5m) last year, according to preliminary figures. Imports increased by 18 per cent and exports by 12 per cent.

Ten disagree over new members

BY QUENTIN PEEL IN BRUSSELS

EUROPE'S foreign ministers yesterday failed to agree on several key issues over the intended enlargement of the EEC to include Spain and Portugal, in spite of a theoretical deadline to iron out the remaining problems before the end of September.

Measures to limit wine and olive oil production and the precise voting system for the future enlarged Community, have still to be resolved before further progress on Spain's accession can be made.

Nine of the ten member states reached agreement on the size of the necessary "qualified majority" to pass decisions in the enlarged Community, but Belgium was still fighting last night for a lower voting limit to ease future decision-making.

With each member state assigned votes in proportion to its population size, the proposal is for the necessary qualified majority to be 54 votes out of the post-enlargement total of 75. Belgium wants the level to be set at 52. Britain had originally pushed for a more restrictive figure of 57.

On the question of wine production, M Roland Dumas, France's Minister for Europe, called for a rapid report by the European Commission on how the continuing trend to overproduction could be carried, by imposing limits equitably throughout the enlarged Community.

However, there was progress on some institutional questions including Spain's contribution to the capital of the European Investment Bank. The appointment of 13 judges to the European Court in the enlarged Community was also agreed. This allows one for each member state with one extra judge to come on a revolving basis from the larger member states.

● Prices in EEC shops rose by an average 7.6 per cent in the 12 months to June, slightly above the 7.5 per cent in May, the Community's statistics agency Eurostat said yesterday, Reuter reports from Luxembourg.

Irishman likely to head Spaak Committee

BY OUR BRUSSELS CORRESPONDENT

THE FIRST of the people charged with drawing up a blueprint for the long-term development of Europe and its institutions were named yesterday at the meeting here of EEC foreign ministers.

The chairman of the so-called Spaak Committee is expected to be Senator Jim Dooge of Ireland, a former foreign minister and close advisor of Prime Minister Garret FitzGerald. Although his appointment has not been formally announced, Sen Dooge, a professor of engineering at University College Dublin, is understood to have been accepted by the other member states.

The British member of the committee will be Mr Malcolm Rifkind, the Minister of State at the Foreign Office responsible for Europe, while France has put forward M Maurice Faure, a veteran politician of the Radical Left.

Britain has also chosen Mr David Williamson, Mrs Margaret Thatcher's principal adviser on Europe in the Cabinet office, as its member of the parallel ad hoc committee charged with proposing policies to make Europe more relevant to the man in the street — what has been called a "people's Europe."

Sir Geoffrey Howe, the Foreign Secretary, put forward the British nominees at yesterday's Foreign Council ahead of virtually all other member states, in a bid to underline the Government's commitment to the long range development of Europe, in spite of its apparently isolated position from the other nine member states in the continuing wrangle over how to finance the EEC budget.

Strike by Spanish pilots ended

BY DAVID WHITE IN MADRID

THE OFFICIAL arbitrator appointed to resolve a five-week-old pilots' dispute at Iberia, the Spanish national airline, yesterday presented a report calling for a freeze on current staffing levels and setting a moderate 3.5 per cent salary increase for this year.

The decision, which is binding for both sides automatically brings the strike to an end but is strongly contested by the pilots' union, Sepla.

The union yesterday challenged the impartiality of the arbitrator, Sr Juan Ignacio Molto, head of the Government's official mediation board, and said it would seek to appeal to the Constitutional Court.

The most contentious issue is the failure to reinstate ten pilots who were sacked during the strike for alleged irregularities in handling minimum-service flights. The arbitrator said these cases would have to be dealt with by an appropriate tribunal.

However, he made a concession to the pilots by stipulating that if the court finds in their favour the company would have to re-employ them and would not have the normal option of paying compensation instead.

In addition, the arbitration decision recommends that Iberia drop cases pending against 50 other pilots.

The Government invoked compulsory arbitration procedures last week when the deadlock deepened as a result of the dismissal of Sr Martin Echevarria, an Iberia captain who is also secretary general of Sepla.

The report broadly upholds the state-owned airline's management in its efforts to cut costs, but rejects a redundancy plan which would have affected about 60 of the 850 pilots and implied changes in working hours.

It stipulates that manning current levels should be maintained at least until the end of 1985.

Any vacancies during this period are to be filled from a list of 34 accepted candidates who were to have joined Iberia under a 1983 agreement with the union.

The arbitrator decided, however, that the company was in no financial state of fulfil its pledge to take on extra pilots as demanded by the strikers.

The strike has resulted in the cancellation of between 10 and 15 per cent of Iberia flights.

Gonzalez meets Catalan leader

BY OUR MADRID CORRESPONDENT

SR FELIPE GONZALEZ, the Spanish Prime Minister held four hours of talks here yesterday with Sr Jordi Pujol, head of the autonomous government in Catalonia, in a bid to keep the bridges open between Madrid and Barcelona despite a recent low in relations.

The talks, the first between the two men for six months, were described by Sr Gonzalez as positive but appeared to do little to reduce tensions.

The meeting was overshadowed by an explosive row about charges laid against Sr Pujol in the aftermath of his regional election victory in April, concerning his former involvement in the troubled Banca Catalana banking group. However, Sr Pujol said the case, which is being investigated by a Barcelona court, was not brought up in the discussions.

The Catalan leader considers that the charges of irregularities at the bank, directed against himself and 24 other former directors, arise from purely political motives and that the central government is anxious to obtain a conviction in order to avoid serious embarrassment.

Yesterday's talks focussed on the process of transfers of responsibility from Madrid to the autonomous government set up four years ago.

Romania gives canal go-ahead

BY LESLIE COLITT IN BERLIN

THE ROMANIAN Communist Party has approved the construction of a 74km canal to link Bucharest with the Danube and the Black Sea.

President Nicolae Ceausescu inaugurated in May a 64km-long canal, which shortened the journey down the Danube to the Black Sea and took more than 10 years and an estimated $3bn to build. It was Romania's largest investment project and diverted funds from the badly-needed modernisation of industry and agriculture.

The canal was designed to attract freight from Western Europe bound for the Middle East, but West German shippers said they doubted it would gain much business.

Mr Ceausescu last month took part in ceremonies to begin construction of the vast House of the Republic in south-western Bucharest which is to house the Communist party, the Government and the Council of State. The complex will be surrounded by newly-built ministries and other state institutions and will be joined to the city centre by a monumental boulevard.

Ruiz-Mateos released on bail

By Jonathan Carr in Frankfurt

THE FUGITIVE Spanish business magnate, Sr Jose Maria Ruiz-Mateos, is being freed on bail pending a decision on whether to extradite him to Madrid.

The (regional) state supreme court in Frankfurt yesterday agreed to release Sr Ruiz-Mateos on payment of "a suitable sum" in bail. He has been detained here for three months. Officials declined to confirm reports that the figure involved totalled several million D-marks.

The court also imposed as conditions that the businessman should not leave the Frankfurt area, that he must report to the authorities once a week, and that his passport would not be returned to him for the present.

Sr Ruiz-Maeos (53) is a former head of the diversified Rumasa enterprise—expropriated by the Spanish government more than a year ago on grounds this was the only way to head off financial disaster.

Soon after the expropriation Sr Ruiz-Mateos fled abroad—initially to Britain. He was finally detailed by West German authorities on April 25 at Frankfurt when he arrived on a flight from the United States.

Since then, he has been fighting a battle in the courts against Spain's demand that he be extradited to face charges which include currency offences, forgery and appropriation of tax funds. Sr Ruiz-Mateos has denied the allegations.

It is not clear when the West German authorities will take a decision on whether or not to extradite. It is understood that tha court in Frankfurt has requested that more documents be sent from Madrid before reaching a verdict.

Poles fail to pay arrears to U.S.

By David Buchan in London and Quentin Peel in Brussels

POLAND HAS pursued an apparently deliberate tactic of discriminating against the U.S. in official debt rescheduling talks, according to Western officials. They suggest this may frustrate Polish hopes of a speedy dismantling of all sanctions by the U.S. in the wake of General Wojciech Jaruzelski's weekend amnesty for political prisoners.

Poland has so far not paid any of the outstanding arrears on 1981 debt principal or on interest arrears due to the U.S. since 1981, while it has paid at least some money to all its other Western government creditors.

The White House yesterday said it was studying the Polish amnesty declaration, and that President Ronald Reagan would have something further to say on the matter in the next few days. The general expectation is that the U.S. administration will announce a relaxation of some, but not all, sanctions.

Foreign ministers of the European Community yesterday welcomed the release of Poland's political prisoners and detainees, and expressed the desire to return "to a more normal relationship with Poland as actual developments in that country permit." Like the U.S., the EEC stopped short of any precise move to lift the remaining sanctions in force.

The majority sentiment in the EECV, most of whose members joined the U.S. in imposing sanctions on Poland in January 1982 after martial law, is for a resumption of high-level political contacts with the Warsaw government, and for the unblocking of Poland's application to join the International Monetary Fund, which has been obstructed by the U.S.

At the same time there is considerable sympathy for the U.S. about the lack of co-operation it has received from Poland in official debt talks. At this month's meeting of the Paris club group, the Western countries agreed that no further progress could be made until Poland was more forthcoming towards the U.S.

The U.S. has not been paid its share ($36m) of 1981 debt principal not covered by rescheduling agreement of that year, while other creditors have been paid in full. The U.S. is due to get at least 20 per cent in interest arrears since 1981, but has not been paid by Poland. Warsaw has paid all other Western official creditors a portion of what they are owed.

Polish officials stand on the technical fact that the U.S., unlike other Western governments, did not get around to signing a bilateral rescheduling deal in 1981 before martial law was imposed.

Tikhonov visits ex-Solidarity stronghold

By Christopher Bobinski in Warsaw

THE SOVIET Prime Minister, Mr Nikolai Tikhonov, yesterday visited the Warsaw steelworks, a former stronghold of the Solidarity movement but which also has a notoriously hardline Communist party cell. His visit was part of the programme to mark the 40th anniversary of Communist Poland.

The plant also has one of the more active and independent of Poland's workers management councils which were introduced under reform legislation three years ago. The council is in conflict with the small and unpopular works trade union and with the management over who is to have the final say over welfare spending in the plant, but its chairman, Mr Andrzej Milkowski, was on hand to meet the Soviet Premier and invited to listen to the set speeches.

Mr Tikhonov said, in his speech to 300 representatives of the 10,000-strong workforce that he had been involved in the works when in the 1950s it had been a joint Soviet-Polish investment project.

This indirect Soviet recognition of the workers' council at the steel plant will strengthen Mr Milkowski's hand in the face of accusations that he and his colleagues are no more than a Solidarity front.

Meanwhile, a small group of relatives waited in vain yesterday outside Warsaw's Rakowiecka Prison for the release of the first of the 600 political prisoners.

Space weapons bid

The Soviet Union said yesterday it had proposed that Moscow and Washington issue a joint statement that they were ready to conduct negotiations on space weapons, Reuter reports from Moscow. Tass, meanwhile denied reports that Moscow was ready or return to nuclear arms talks with the United States if the West declared a freeze on deployment of cruise and Pershing missiles in Europe.

FINANCIAL TIMES, USPS No. 190640, published daily except Sundays and holidays. U.S. subscription rates $420.00 per annum. Second class postage paid at New York NY and at additional mailing offices. POSTMASTER: send address changes to: FINANCIAL TIMES, 14 East 60th Street, New York NY 10022.

Dutch support ebbs for turning the tide

Walter Ellis reports on growing doubts about two giant projects

DUTCH EXPERTISE in land reclomation long ago reached the point where, if they had wished, engineers could have given the Netherlands a coastline not unlike the borders of Wyoming: unbroken and square.

Some did in fact see this development as desirable and natural, and evan today there are pockets of resistance to the ecology-leisure lobby. Fortunately, perhaps, they did not have their way, and there are still large parts of the country in a "natural" state.

Equally, there are large parts which are entirely "unnatural." The Old Zijder Zee is already an inland lake and much reduced in size, known as the Ijsselmeer. Zeeland, the penisular province in the south-west, is being partially enclosed from the sea. And of the established Netherlands, some 30 per cent is reclaimed land. Sea battles were once fought in what is now Schiphol airport: its name means "ships' hell."

The arts of reclamation, including polderisation, are ancient; modern technology merely speeds things up. Opposition, though, has grown to one of the last great projects—the planned creation of another polder in the Ijsselmeer—and there is rontinuing concern about the enormous cost of the Zeeland project.

The cabinet is expected to take a decision in September on the Markerwaard polder which would create 40,000 hectares of land in sight of the traditional fishing ports of Volendam and Hoorn. The cost is put at some Fl 1.8bn (£430m) but the big question is: who wants it?

Down in Zeeland, the necessity for some sort of a barrier against the occasionally rampaging sea has never been questioned. The anxiety in this case is economic and political. For while the Eastern Scheldt Project, to give it its proper title, is a prestige development of truly staggering proportions—some four times wider than the Thames Barrier—its cost seems to be calculated on a massive taximeter for which no off-switch can be found.

Preseot estimates are for a final bill of Fl 8bn, 275 per cent up on first costings. But the project has another two years to run.

The Markerwaard scheme was conceived towards the end of the last century by Dr Cornelis Lely, an hydraulics engineer with a vision to match the era of industrial expansion in which he lived. It was to be the last of a series of polders in the Ijsselmeer that would have turned the entire southern section of the one-time Zijder Zee into a substantial twelfth Dutch province.

The North-East Polder, forming the northern section, was drained between 1937 and 1942 and is now prime agricultural land. The East Flevoland polder rose in the 1950s and is now joined by the more recent South Flevoland complex. Markerwaard, to the west, would complete the picture.

Several main objections bave been raised to Markerwaard. First, there are the fishing interests. Fishing from the Ijsselmeer ports is not the industry it once was. There are only scores of full-time hoats today, compared with hundreds in years past. But it is important for those involved, including processors and restaurants, and, as followers of one of the country's most ancient trades, the fishermen have wide popularity.

To get round this problem, it has been proposed to leave a channel along the western edge of the new polder, which would also give access to Amsterdam, but many are unconvinced.

Then there are the conservationists who want to keep the marshlands and breeding grounds for birds and animals intact. They are supported by the leisure industry, which sees the existing Ijsselmeer as a valuable resource. Boating, wind-surfing and fishing for sport all take place where the Markerwaard would rise. Finally, there are those who are worried by the cost. Why spend billions on a project about which enthusiasm is so clearly in short supply, they ask?

Successive governments have avoided the problem by getting on with less rontroversial work elsewhere. When the other polders were constructed, costs were less and the Dutch population was growing fast. Today, the recession is with us and the number of Dutch is levelling off at around 14.5m.

Those who want the Markerwaard to go ahead are mainly farmers and would-be farmers, keen to obtain large land holdings at reasonable prices to pass on to their children. The Government, a centre-right roalitioo of Christian Democrats and Liberals, is prepared to approve the project, probably after the announcement of the 1985 budget this autumn. But it is not fired with the vision of old and is insisting that costs be met by private interests.

So far, Rabobank, the giant agricultural co-operative hank, has said that it might be prepared to help, while a consortium of businessmen from Lelystad, "capital" of Flevoland, has recently offered to put up some cash. Elsewhere, there has been reticence, and unless the cabinet is convinced that the mooey and the enthusiasm are there, it is difficult to see how it can possibly give its approval.

If the Markervaard does go ahead, an earth dyke will be built around the designated area, leaving a narrow channel to the west, and the shallow waters of the Ijsselmeer will be gradually pumped dry. Three or four months later, reed seeds would be scattered from light aircraft over the mud and proper drainage ditches installed.

Within four years, the first rough crops might be expected, and people would begin to move on to the land. After eight or nine years, the process would be complete, though maturation would take several generations. Trees and bulbs might be expected to flourish. Little industry is planned, and no real towns.

The Eastern Scheldt Project is much more a product of modern technology. In 1953, 3,000 people were drowned when the North Sea flooded large parts of Zeeland. It was determined that nothing of the kind should ever recur, and successive governments have since been hurdened with making good that pledge.

At first it was planned to build a vast dam across the mouth of the Eastern Scheldt, where the river enters the sea. But the outcry from fishermen and environmentalists was such that this was abandoned, and a much more costly and sophisticated storm surge barrier was recommended. Work had already begun on the first proposal, but it was not until 1976 that the second one got under way.

By 1986, 62 sluice gates, slung between vast concrete pillars, each weighing 2,000 tonnes, will stretch across an area of sea 3.2 km wide. The foundations are in sand and the hydraulics has proven extremely complicated. When finished, the project will dwarf the Thames Barrier, now trumpeted by the Greater London Council and others as "the eighth wonder of the world."

Only when the sea and the winds are high will the gates be lowered. For the rest of the time, they will be monuments bearing aloft a motorway.

It is the expense which has outraged many. An inquiry by the Stata Accountancy Office blamed both the original centre-left Government of 1973-78 and Parliament for not building inflation into the estimates. The barrier has gone ahead regardless and is sure to be a showpiece for Dutch engineering.

Perhaps, though, the Dutch will now consider that the Netherlands is finished. It has been a long haul. They are keen to preserve their special skills, and they are sure to be looking for new causeways to build and new seas to drain. But public support, like the waters in a ring dyke, is slowly draining away.

COMPUTER BRAIN DRAIN FEARS

DUTCH GOVERNMENT plans to boost the pay of key computer personnel in the civil service have run into difficulties with the universities, who fear a brain drain into the public sector, writes Walter Ellis.

Mr Koos Rietkerk, the Interior Minister, wants to give computer specialists in automation a 10 per cent supplement to their regular pay. He is concerned that many gifted computer experts are being lost to the private sector, where wages are higher. Administrators of the Netherlands' prestigious technical universities, however, have warned that this would leave them as the prime target for industry's poaching.

One top researcher for Philips, the electronics group, is quoted as saying that as a professor he could not expect to earn more than Fl 12,000 (£2,870) per month, which would not be sufficient to attract him away from industry. Systems analysts and senior programmers in the civil service currently earn between Fl 4,746 (£1,135) and Fl 6,364 (£1,522) per month, which is up to Fl 1,000 per month less than they could expect from private employers.

Reagan meets Salvador President

By Stewart Fleming in Washington

PRESIDENT Ronald Reagan met Sr Jose Napolean Duarte, the recently elected President of El Salvador, at the White House yesterday in a move designed to underscore the importance he attaches to securing increased aid for Central America.

White House officials said the President was anxious to talk with Sr Duarte, who was returning from a visit to five West European nations, in order to learn from him how the El Salvador Government's fight against left-wing guerrillas in the country is proceedings.

The meeting came as Congress reconvened yesterday for a three week session between the democratic and republican party presidential nominating convention amid expectations that the Administration would have as one of its highest legislative priorities a move to persuade legislators to provide new funds for the El Salvador Government and for rebels seeking to overthrow the left-wing Sandinista Government in Nicaragua.

The Administration is asking Congress to approve a further $21m in this fiscal year for the Nicaraguan rebels as the $24m already appropriated is virtually exhausted. Hitherto Congress as balked at a new appropriation of funds. The Administration has also requested an additional $117m in military aid to El Salvador this year and $132.5m in 1985.

The question of finance to support the Administration's Central American policy is one of several highly controversial topics Congress will debate in the limited time available before it adjourns on October 4 to permit members to campaign for the November elections.

Financing of the fiscal year 1985 defence budget is still unresolved. The Senate has approved a 7.8 per cent rise in military spending to $299bn for 1985 whereas the House has approved only a 3.5 per cent increase in real defence spending to $285.7bn.

A House-Senate conference is also due to try and resolve differences between the two chambers of the legislature on proposed changes in immigration laws.

Guyana announces measures to curb gold smuggling

BY CANUTE JAMES IN KINGSTON

MR FORBES BURNHAM, the President of Guyana, has said his Government is taking steps to curb gold smuggling which is costing the economy $360m (£273m) a year.

Guyana has also signed a joint venture agreement with a Yugoslavian Government agency, to expand gold mining.

Guyana's gold output is put officially at three tonnes per year, but the president said the country's economy was suffering through smuggling. "We are losing about $10m per month to Barbados and $20m per month to Brazil," he said.

Mr Burnham did not disclose the measures which were being taken against smugglers, but said while they would curb illegal export, it would be impossible to end smuggling.

The President also said that Guyana had entered into joint ventures in fishing and forestry *with China, and that these, with* the initiatives in gold, should help the embattled economy.

"I think it will not be long before we are able to turn around our position as far as foreign exchange is concerned."

Speaking about negotiations with the International Monetary Fund, Mr Burnham said these were continuing, and that he was seeking an extended fund facility of "over $100m."

"Whether we are likely to come to an agreement soon is in the lap of the gods. Certainly we are not breaking off the negotiations," he said.

Oil producers to seek minor changes to San Jose accord

BY OUR CORRESPONDENT IN MEXICO CITY

MEXICO and Venezuela will make "adjustments" rather than major changes to the San Jose accord when it comes up for renewal for a fourth year on August 3, Mexico's Energy Minister, Sr Francisco Labastida, said on his return from Caracas, this week.

Under the accord the two countries would supply an average 160,000 barrels per day of crude to 10 nations of Central America and the Caribbean on terms which allow them soft credits for the payment of at least 20 per cent of the bill.

Sr Labastida said the accord would continue "on terms and conditions that mean no interference in politics of the recipient countries, but which also take account of the economic circumstances of our country."

Diplomatic sources said that, rather than making any fundamental change in the terms of the accords, the two countries would probably step up efforts to see that recipients kept to them.

For more than a year, Venezuela has been refusing to supply Nicaragua because of failure to pay, even on concessionary terms. Mexico, which publicly supports Nicaragua's left-wing government, has been accepting part payment in kind.

Sr Labastida refused to comment on reports that Mexico will cut supplies to Costa Rica because it has built up a $15m payments backlog.

Despite the problems of implementation of the accord, its abandonment is viewed as inconceivable in Mexico, where it is seen as a vital element of the country's policy in the region by giving disinterested aid to politically diverse regimes.

Sandinistas 'deny visas to foreign priests'

MANAGUA – The leader of Nicaragua's Roman Catholic Church said the left-wing Sandinista junta is denying visas to foreign priests and nuns who want to work in Nicaragua.

"For the moment I have registered seven cases where they have denied visas to priests and certain nuns to enter the country," said Archbishop Miguel Obando y Bravo.

The Government has not explained the visa denials, he said.

Sr Obando y Bravo said the priests and nuns who were denied visas included Italians, Mexicans and Costa Ricans.

The expulsion of 10 foreign priests on July 9 brought relations between the Government and the Church to their lowest point since the Sandinistas came to power in 1979.

The explusions came hours after a group of priests and their supporters conducted the first church-sponsored protest march.

Sr Obando y Bravo said the expelled priests were "men who dedicated themselves full-time to serving the poor and preaching the true word."

"They were priests who had been in Nicaragua 10 years and never became involved in partisan politics," he said.

The Sandinistas have expelled 19 Catholic priests and nuns since gaining power. AP

Quebec banker quits to run in election

By Robert Gibbens in Montreal

MR RAYMOND GARNEAU, Quebec Minister of Finance when Canada's new Prime Minister, Mr John Turner, was federal Finance Minister in the early 1970s, is leaving the chairmanship of a Montreal savings bank to run in a Montreal riding (constituency) in the September 4 federal election.

Mr Garneau, chairman of Montreal City and District Savings Bank and of a National Mortgage Company subsidiary, Credit Foncier, for the past seven years, is an economist by training but has 20 years or more of provincial political experience behind him.

Fed calls for capital ratio boost for banks

By Paul Taylor in New York

THE U.S. Federal Reserve Board yesterday joined other U.S. bank regulatory agencies in proposing new rules which would force American banks, including four of the six largest banking groups in thecountry, to further bolster their capital ratios.

Earlier this month the Federal Insurance Deposit Corporation (FDIC) and the U.S. Comptroller of the Currency proposed new regulations which would require the nation's 14,000 banks to maintain a minimum primary capital to assets ratio of 5.5 per cent and a minimum capital to assets ratio of 6.0 per cent.

The Fed said yesterday that its board of governors had voted unanimously to adopt the same proposed bank capital ratios although, unlike the FDIC and the comptroller, the Fed said the new ratios would be "guidelines" rather than regulations.

Despite this distinction, U.S. banks which fell below the minimums would be under intense pressure to improve their ratios either by trimming assets or by raising new capital. Many of the major U.S. banks have already had to raise new capital in order to meet the current 5 per cent primary capital ratio guidelines laid down by the Fed to cover the U.S.-based multinational banks.

According to the FDIC, about 700 U.S. banks currently fall below the proposed new ratios and figures released by the Fed yesterday suggest bank holding companies would have to raise as much as $5.37bn to reach the six per cent total capital to assets ratio.

The Fed said four of the 25 largest bank holding companies fell under the 5.5 per cent primary capital level at the end of March. Since then two of these banks have raised additional capital. But, according to the latest quarterly figures just released, Manufacturers Hanover, the fourth largest U.S. bank, would currently fall below the new proposed guidelines with a 5.46 per cent primary capital ratio at the end of the second quarter, as would Citicorp, the nation's largest bank (5.34 per cent), Chemical, the sixth largest U.S. banking group (5.25 per cent) and BankAmerica, the second largest U.S. banking group (5.14 per cent).

BUSINESS LAW

Laker ruling may heal rift with U.S. courts

THE BRITISH Law Lords' decision to allow the liquidator of Laker Airways to continue his $1.7bn anti-trust and punitive damages case in the U.S. against British Airways and British Caledonia should go a long way towards healing the rift that the Laker affair has caused between the courts of the two countries.

The decision is likely to have been especially welcomed in the U.S. District Court for the District of Columbia in Washington, where Judge Harold H. Greene has been holding a series of preliminary hearings in the anti-trust case for the past 18 months.

Judge Greene has more than once fulminated against the part played by English judges in the litigation, regarding interventions by the English courts, in a matter he sees as wholly the province of the U.S. courts, as unwarranted and unjustifiable.

It was after England's Court of Appeal ruled last summer that the liquidator must drop the cases against BA and BCal – an order Judge Greene characterised as "premature and improper" – that he appointed a distinguished Washington lawyer, Mr Stephen Pollak, to advise him on what action might be taken to restore the primacy of the U.S. courts.

Apart from being understandably jealous of the authority of his court, Judge Greene expressed concern about the effect of the English litigation on U.S. anti-trust laws.

It might, he feared, drain those laws of their vitality with respect to multinational corporations.

The judge had threatened that if the English courts finally barred the liquidator from proceedings against BA and BCal, he might consider appointing a trustee or guardian to take over that part of the case.

The fact that Mr Pollak advised him that there was no precedent in U.S. law for such an appointment will have made the Law Lords' ruling a cause for particular satisfaction in Judge Greene's chambers.

Meanwhile, the U.S. Justice Department's grand jury is continuing to investigate the possibility that the facts of the Laker case disclose grounds for initiating criminal anti-trust actions.

In May the department announced that it would be taking no further steps over an allegation that there was a conspiracy to wreck a plan to refinance Laker after its collapse.

It is, however, still looking at other aspects of the case, including, it is understood, allegations that Laker's transatlantic competitors and others conspired to destroy Laker by means of an agreement fixing "predatory" – i.e. loss-making – fares, to attract potential customers away from Laker's Skytrain service.

Lord Scarman observed in his judgment last week that if – as has been contended by the UK Government – the U.S., by invoking its anti-trust laws against BA and BCal, had breached the Anglo-U.S. Bermuda Two civil aviation agreement, the remedy was by arbitration between the two states, or by diplomatic action.

Since the Laker furore blew up Foreign Office and other Whitehall officials have had several meetings with their U.S. counterparts in an attempt to get the grand jury proceedings dropped, on the ground that the issue was one to be resolved within Bermuda Two.

Another meeting is due to be held shortly at which the British side will be looking for, at the very least, an agreement to take the matter to arbitration, as provided for in Bermuda Two.

One of the problems as far as the U.S. is concerned is that there is a conflict of views between the Justice Department and the State Department, the latter being powerfully aware of the international ramifications while Justice is primarily concerned with defending U.S. domestic law.

Another factor is that, while diplomatic and/or political pressure might lead to curtailment of the grand jury investigation, or, failing that, to findings that the UK could live with, such a scenario can hardly be in prospect as regards the civil court action.

Finally, there is the matter of the impending privatisation of BA, due to take place next May.

The airline has throughout denied the conspiracy allegations and professed itself confident that, if the anti-trust action does come to trial, it will have a complete defence and emerge without a stain on its corporate character.

Raymond Hughes
Law Courts Correspondent

Poll boosts Mondale campaign

BY STEWART FLEMING IN WASHINGTON

THE SELECTION of Ms Geraldine Ferraro as his vice-presidential running mate and the successful Democratic convention last week seem to have given former Vice-President Walter Mondale's campaign for U.S. president a big boost.

A Gallup presidential preference poll commissioned by Newsweek magazine shows Mr Mondale and Ms Ferraro ahead of President Ronald Reagan and Vice-President George Bush by 48 per cent to 46 per cent.

Although political opinion polls have been especially volatile this year, the poll suggests a dramatic recovery in Mr Mondale's fortunes.

The poll undoubtedly reflects the immediate impact of the blanket press and television coverage of the Democratic Party in the past few days. Nevertheless it suggest that President Reagan's decision to hit the campaign trail early this week to regain the political initiative was a wise one.

The poll results were published in the current issue of Newsweek, which said Gallup interviewed 1,006 registered voters by telephone. The poll's margin of error was 4 percentage points, which means Mr Reagan could be trailing by as much as 52-42 or leading 50-44.

White House chief of staff Mr James A. Baker III, said he was not surprised by the poll results and said that they were expected to be close.

Tokyo shares fall, yen lowest in nearly a year

BY ROBERT COTTRELL IN TOKYO

THE TOKYO Stock Market, hit by news of Japan's fourth-largest corporate failure on record, fell yesterday to its lowest level this year, while the Japanese yen weakened in trade during the morning at Y246.30 against the dollar, its weakest against since September last year.

The yen closed in Tokyo slightly stronger at Y245.75, against Friday's local close of Y243.40. The Tokyo Stock Market Dow Jones Index closed at 9,703.35, for a loss of 222.80 on the day.

Yesterday's Tokyo foreign exchange market was "fairly spooky" according to one banker, with traders hesitant before today's scheduled official revision of the U.S. second quarter economic growth rate, and the appearance of Mr Paul Volcker, chairman of the U.S. Federal Reserve Board, at a Senate committee hearing tomorrow.

Analysts fear that strong U.S. economic activity coupled with an official determination not to ease credit could send U.S. interest rates higher.

"Nobody is courageous enough to take a bearish view (on the dollar)," said an official of the Bank of Japan, the country's central bank, yesterday. "It is an extreme reaction to earlier wrong forecasts of the inevitability of the fall of the dollar. Those people who said it then have become very shy now."

The official noted that Japan's own officially-guided interest rates remain at significantly lower levels than U.S. rates. Japanese 10-year bonds currently yield around 7.9 per cent, more than five percentage points lower than U.S. bond yields. Despite the relatively low rates, private-sector credit demand in Japan remains slack.

High U.S. rates, meanwhile, are attracting large outflows of Japanese capital, outweighing in recent months the current account surpluses in Japan's balance of payments.

If the U.S. dollar maintains its upward course in Tokyo, its next major psychological break-point would come at Y247.80 against the dollar, the U.S. dollar's highest cross-rate since 1983.

Wall Street's downward finish to last week, fears of higher U.S. interest rates, and the yen's weakening against the U.S. dollar fed through into the Tokyo Stock Market yesterday, which saw its sixth largest one-day fall on record.

The market was shaken during the afternoon by news that Riccar, a large sewing-machine manufacturer, had in effect, acknowledged bankruptcy by seeking court protection from its creditors.

Riccar's debts are estimated now at Y105bn (£324m) making it Japan's fourth largest-ever corporate collapse. Its shares had fallen last week from Y175 on Monday to Y94 on Friday, and were finally suspended at Y70 yesterday afternoon.

Riccar lost Y625m net in the year to end-March 1984. Analysts say its problems derive from having failed to diversify into higher-technology consumer goods.

Analysts say the stock market may enjoy a technical rebound, perhaps at the 9,700 or 9,500 level. But they believe the 20-month "bull" market, which took the Tokyo Stock Exchange Dow Jones Index up to a record 11,190 in May has ended.

Riccar court protection, Page 18

Fears over Sino-British talks hit Hong Kong markets

BY DAVID DODWELL IN HONG KONG

Sir Geoffrey Howe

SHARE PRICES fell in Hong Kong yesterday as nervous stock market operators digested weekend news from London that secret Sino-British negotiations over the future of the territory had run into difficulties.

The Hang Seng Index, the territory's primary stock market indicator, slumped by over 54 points to end the day at 747.62, the second lowest point this year.

The stock market has been in almost constant decline since April 20, when Sir Geoffrey Howe, Britain's Foreign Secretary, publicly revealed that China would regain sovereignty over Hong Kong after 1997. The day is still referred to as Black Friday by local people.

Stock market operators blamed the fresh falls on worries that talks in Peking between Britain and China over what will happen to Hong Kong after 1997 faced "intractable problems."

Several London newspapers over the weekend quoted British Foreign Office officials as saying that Britain was "worried" about progress in the talks, and was drawing up contingency plans in case China went ahead alone, announcing its own blueprint for the colony's future if the British Government failed to agree a draft deal by September.

The imminent arrival of Sir Geoffrey Howe for further talks in Peking was another contributor to local jitters. The memory of his Black Friday speech is still fresh, and market operators are likely to remain nervous until he talks publicly after his Peking visit. He is expected to hold a Press conference on Wednesday next week.

The stock market collapse coincided with the arrival in Peking of Sir Edward Youde, Hong Kong's Governor, for the 19th round of Sino-British talks on the colony's future.

Meanwhile, in Hong Kong, left-wing newspapers yesterday made their first—mainly negative—comments about the Hong Kong Government's plans for political reform, outlined in a Green Paper last Wednesday.

The New Evening Post was typical when it said the paper had been drafted too quickly, was unclear on some critical points, and was intended to tie Peking's hands beyond 1997. It said too little time had been allowed for debate.

China's own position is yet to be elaborated. The only official comment so far is a Foreign Ministry statement that the Chinese Government "undertakes no obligation" over the plan.

Rise in South Africa's inflation rate gathers steam

BY JIM JONES IN JOHANNESBURG

SOUTH AFRICA'S inflation rate continued to rise in June and is widely expected to register yet another advance this month. June's consumer price index of 291.2 was 11.7 per cent higher than that of June last year and represents the highest year-on-year advance since last August when an increase of 12.2 per cent was registered.

Inflation has been in double figures since 1973 and there were hopes when the year-on-year rate dropped to 10 per cent in February this year that single digit inflation was in sight.

The Government's periodic public commitments to reducing inflation have not been matched by action. In May this year M2 money supply was increased at a year-on-year rate of 19.2 per cent helped by government spending running at almost 12 per cent above budget. Achievement of inflation reduction targets continues to be hampered by imported inflation resulting from the rand's persistent decline against other currencies.

Yesterday the South African currency reached an all-time low of less than 66 U.S. cents and is widely predicted to reach 60 cents unless the all-important gold price rises strongly.

This month the consumer price index will reflect the influence of the July 1 general sales tax increase to 10 per cent from 7 per cent.

AP adds from Cape Town: South Africa will spend R1.143bn (£580m) on economic aid and defence in Namibia this fiscal year, the Government said.

Prime Minister P. W. Botha said in a written statement to parliament that R450m of the total was for military spending in the territory, and the rest for administration and economic help.

Black nationalist guerrillas have fought for nearly 18 years to end the white minority South African Government's control over Namibia.

Mr Botha's Government has said the costs of running and defending the territory have become too great for South Africa, which is suffering economically from a falling gold price and severe drought. He has said South Africa was willing to implement a UN independence plan, but only if an estimated 25,000 Cuban troops were withdrawn from neighbouring Marxist-led Angola, where the Namibian guerrillas are based.

Marcos aims to rely less on foreign borrowing

By Emilia Tagaza in Manila

PRESIDENT Ferdinand Marcos yesterday sai dthe Philippines would now rely more on domestic resources than foreign borrowing in financing development projects.

Delivering hit State nf the Nation address at the opening session of the National Assembly, Mr Marcos recognised the long-stalled SDR 615m (£473m) standby credit from International Monetary Fund (IMF) as the key to the flow of badly needed foreign exchange resources.

The IMF credit has been under negotiation for almost ten months, but Mr Marcos said the "financial package will be over the hurdle soon since we have reached the final stages of the negotiations." Despite the IMF credit, however, the Marcos Government expects foreign exchange to flow in only in trickles.

At the same time that the new parliament was holding its opening session, about 5,000 demonstrators held their own "parliament of the street" in downtown Manila, claiming that the National Assembly is an instrument of Mr Marcos's "repressive regime."

Tt the assembly, Mr Marcos warned that peaceful rallies have been *infiltrated* by subversives but said that he would not re-impose martial law despite heightened insurgent activities in urban areas and in the countryside.

"Even if the situation deteriorates, we have installed installed adequate checks to cope with this, without having to resort to martial law."

The president also predicted a reversal in the sligbtly improved trends registered in the economy during the first quarter of the year. He blamed the downturn to the continuing rise in consumer prices.

Inflation, which currently runs at at about 50 per cent, was largely caused by successful peso devaluations, continued speculations on the peso-dollar exchange rate, restraints in imports and slowdown in production activities.

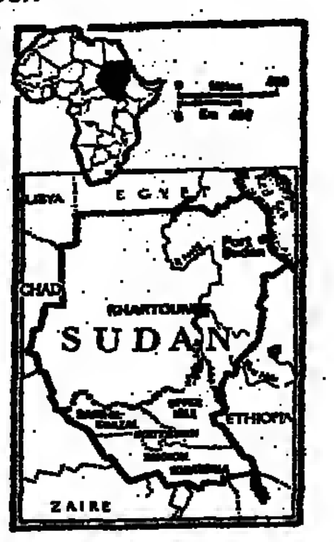
Mr Marcos said that during the first quarter, there was a balance of poyments surplus of 239m pesos (£10m).

Banco Filipino shuts, Page 16

SUDAN UNREST FEARED

Islamic law unites opposition against constitutional change

BY HUGO GURDUN IN KHARTOUM



OPPOSITION IS growing in the Sudan to attempts by President Jaafar Nimeiri to impose Islam and Islamic law over the entire country, and to get constitutional backing for this.

There is also unease that in the absence of parliamentary support for the constitutional changes President Nimeiri envisages, he will maintain the emergency powers he granted himself by decree at the end of April.

Leading the opposition are Mr Joseph Lagu and Mr Abel Alier. They are both senior members of the Nimeiri Government who as prominent representatives of Equatorian and Nilotic tribes of the country's Christian and Animist south were previously irreconcilable adversaries.

Of the estimated 1981 population of 18.9m some two-thirds are Moslem Arabs. There are some Nubians in the north of the country and Nilotic and Negro tribes in the south.

The proposals which finally brought these two together were handed to Sudan's parliament in the form of suggestions for wholesale amendments to 123 of the 225 clauses in the "Permanent Constitution."

Essentially President Nimeiri intends ending the constitutional safeguards on southern autonomy, making Islam the sole source of legislation and binding non-Moslems to precepts embodied in those laws.

In practice this would mean a Sudanese president would be fully versed in Islamic teaching (which would disqualify most black southerners), he would hold office for life rather than the present term of six years and he would take the religious title Imam, which Mr Nimeiri has already adopted.

The Islamic penal code, anathema to Christians, would be imposed. This would include limb amputation, flogging and stoning. People would not have to be informed for the reason for their arrest. The rule of evidence would be relaxed and there could be retrials even for those acquitted.

Mr Lagu and Mr Alier see these "suggestions" as abrogating the clauses vital to national unity contained in the 1972 Addis Ababa agreement with which Mr Nimeiri ended 17 years of civil war.

The south erupted in violence last year when Mr Nimeiri *attempted to redivide* the region and stealthily impose Islamic law.

The significance of the Lagu/Alier initiative is not that it breaks new ground in criticising Mr Nimeiri's policies, but that two of the country's most important southern leaders have buried factional differences to nppose the advance of Islam and presidential rule. Mr Lagu is still a national vice president and Mr Alier is minister of works.

Faced with a recalcitrant House of Representatives in which proposals must receive a two-thirds majority if they are to become law, President Nimeiri recessed parliament for the summer. Mr Lagu and Mr Alier have drawn up a memorandum saying the proposals should be set aside subject to a referendum.

The danger is that President Nimeiri might try and impose his amendments without parliamentary approval. Trouble looks certain should he attempt this.

Kashmir sacking sparks uproar in Parliament

By K. K. Sharma in New Delhi

BOTH HOUSES of the Indian Parliament had a stormy beginning of their monsoon session yesterday when the entire opposition protested vociferously over the dismissal of Dr Farooq Abdullah as chief minister of Kashmir a fortnight ago.

The two houses had to be adjourned twice for short intervals when disorder disrupted proceedings. Shouting members of the Opposition angrily demanded a debate on the Kashmir events and walked out when this was disallowed.

Dr Abdullah was dismissed by the Governor of Kashmir after 13 members of his National Conference Party deserted him and declared their support for his arch-rival and brother-in-law, Mr Ghulam Mohammed Shah, who was then sworn in as chief minister. Mr Shah's majority is to be tested at a one-day sitting of the Kashmir legislature on July 31.

The Indian Parliament yesterday began what is widely believed to be its last session before the general elections which must be held before its five-year term ends next January.

Options are limited for Zimbabwe budget moves

BY TONY HAWKINS IN HARARE

ZIMBABWE'S Minister of Finance, Dr Bernard Chidzero, presents the country's budget on Thursday against a background of continuing recession.

The minister is not expected to introdnce any major changes and has little room for manouevre.

In the 1983-84 fiscal year, he forecast a budget deficit of Z$717m (£432m). Mainly because of substantial underspendings, the actual deficit for the year which ended on Jnne 30 is believed to be at least Z$150m.

With revenue flat, reflecting falling profits and lower employment, Dr Chidzero has been trying to curb government spending to avoid another large deficit in the current year. A number of technical tax changes are thought likely, but businessmen believe that Dr Chidzero—who last year discribed Zimbabwe as being over-taxed—is unlikely to announce any, major new efforts to raise additional revenue.

Earlier this year the Government appointed a commission of inquiry into the tax system and it is thought that the minister would be reluctant to make radical changes ahead of the commission's report.

The emphasis in the budget recurrenit public sector spending is likely to be on reductions in. Last week's announcement of food prices increases of between 10 per cent and 20 per cent for maize meal, vegetable oils and bread, are seen as part of the Government's continuing programme to reduced food subsidies.

However, with inflation currently running at 20 per cent, the minister will have had great difficulty in keeping recurrent public expenditure in check especially as the three major items—domestic debt-service, education and defence—are not susceptible to heavy short-term pruning.

The consensus view is that while Dr Chidzero may be forced to announce some further revenue-raising measures, he will try to curb the public sector deficit by strict control over government spending. Even so, given the high inflation rate, the expectation is that government spending will increase this year by at least 12 per cent.

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WORLD TRADE NEWS

Britain launches new drive to break down EEC trade barriers

BY PAUL CHEESERIGHT IN BRUSSELS

THE LATEST British offensive to break down barriers to trade within the European Community will concentrate first on the reduction of frontier formalities, second on the spread of minimum product standards and third on free trade in services.

Mr Paul Channon, Britain's Minister for Trade, introduced this programme in Brussels yesterday, while conceding that previous efforts in this direction had met with only limited and painfully achieved success.

At the same time, he threw the support of the Thatcher Government behind the latest initiatives in this area of the European Commission.

Mr Karl-Heinz Narjes, Commissioner in charge of the internal market, last month introduced a wide-ranging programme for strengthening the internal market of the EEC, which he said would have the same effect in making for a "common market" as had the start of the customs union.

The Commission is anxious that Ministers of the Ten, instead of adopting piecemeal measures, should take on a comprehensive programme under the general direction of the Internal Market Council of Ministers. The UK Government backs this approach.

A fillip to the chances of movement on the internal market has been given by Ireland, which now holds the Presidency of the EEC. The Irish Government has listed strengthening the internal market as one of its priorities, and it is expected that two council meetings will be held before Christmas.

Mr Channon said the internal market question would be a major preoccupation in British EEC policy over the next 18 months. But it has been a constant preoccupation ever since Britain joined the EEC.

However, Mr Channon said he thought the chances for progress in eliminating trade barriers were better now than they had been and cited four reasons.

First, the British budget question is largely out of the way. This means there might be greater readiness to listen to British arguments in this area.

Second, Mr Channon believed there is now in the EEC a greater readiness to make some movement. His officials believe that the French lorry blockades of last winter and the difficulties on the Franco-Italian border have contributed to this.

Third, there is the existence of the Narjes programme and finally, Mr Channon said, it was accepted that the whole battery of questions would be much more complicated to resolve after Spain and Portugal enter the EEC.

He accepted that if substantial changes were made, the UK too would have to change some of its practices—the Port of Dover would have to be reorganised, for example.

China's trade shows steady growth in first half

BY MARK BAKER IN PEKING

CHINA has reported steady growth in its trade volume during the first half of this year with exports expanding well ahead of imports.

Trade volume for the half-year reached $19.87bn (£15bn)—a 13 per cent increase on the same period last year, according to the Ministry of Foreign Economic Relations and Trade.

Exports totalled $11.41bn, 14 per cent above the 1983 first half, and imports were $8.46bn, up 11.7 per cent.

A Ministry spokesman said there had been substantial growth in trade with the Soviet Union, Japan, the U.S. and Hong Kong.

Trade with the Soviet Union totalled about $340m, an increase of almost 300 per cent. However, the nominal target for two-way barter trade for the year was set at about $1.2bn.

China's half-year trade with Japan totalled $4.36bn (up 40.2 per cent), with the U.S. $2.02bn (up 28.8 per cent), and with Hong Kong $2.72bn (up 23 per cent).

Export growth rate was the highest for a first half since 1981. The fastest-growing exports were petroleum, textiles, cereals and oils.

In imports, China's trade showed greatest growth in new technology, complete sets of equipment, rolled steel, timber, chemicals and pesticides. Purchases of cereals, cotton, edible oils and sugar declined markedly.

China also signed agreements and contracts with foreign companies involving foreign funds totalling $1.43bn in the first half of this year.

Peking's Trade Ministry said this involved state borrowings of $925m and direct investment by foreign businesses of $510m.

● ITT's Antwerp-based subsidiary, Bell Telephone Co, has received an order from China for its System 12 international telephone exchange, AP-DJ reports. The order, worth more than BFr 50m (£660,000) is from the China National Technical Import Corp.

Asea shares in $200m Queensland rail orders

By Kevin Done, Nordic Correspondent in Stockholm

TWO CONSORTIA led by Asea of Sweden and Hitachi of Japan were yesterday awarded orders worth around $200m (£153m) for 140 electric locomotives for Queensland Railways, in Australia.

Eleven companies were involved in the original bidding. The orders were won against stiff competition particularly from other Japanese and European groups, led by GEC of the UK, Mitsubishi and Toshiba of Japan, and a European group including Siemens, Brown Boveri and Alsthom.

The order awarded to Asea worth Skr 800m (£77m) for 70 electric locomotives is the largest railway equipment contract ever won by the Swedish electrical engineering group.

The Asea consortium includes two Australian groups, Clyde Industries and Walkers. Hitachi has won its contract in co-operation with Commonwealth Engineering.

Asea's share of the deal is worth more than SKr 400m. Delivery of the 70 locomotives begin in 1986 and should be completed by 1989.

The Asea locomotives will be used on the line linking the large Blackwater coalfields with the port of Gladstone about 500 km north of Brisbane. Some 40m-50m tonnes of coal a year will be transported on the line once the electrification has been completed.

Earlier this year, locomotives based on Asea's technology were supplied for a similar line in British Columbia, Canada.

The Queensland project is one of many electrification projects currently being undertaken in different parts of the world.

A Chinese delegation led by Li Ke Fei, Deputy Minister responsible for railways, visited Asea's headquarters yesterday as part of a fact-finding mission in preparation for the electrification of China's railways.

The Queensland order comes as some compensation for Asea which earlier this year lost out in the final bidding for the SKr 2.4bn contract for underground cars for the Singapore mass transit system.

It is currently bidding in Australia for another major contract in Melbourne for 200 trams in an order which could be worth around SKr 1bn. The Walkers-Asea consortium has already supplied 84 three-car units for the city of Brisbane.

Airbus plans long-range aircraft

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

AIRBUS INDUSTRIE, the European airliner manufacturing group, is studying an important addition to its family of jets—the TA-11, a four-engined long-range aircraft.

The aim is to design an aircraft that can fly very long distances on routes where the traffic densities do not justify the use of the bigger Boeing 747 Jumbo jet.

The Jumbo, in its various versions, but especially in its SP (Special Performance) model, is now the world's longest-range airliner, capable of non-stop flights of more than 6,000 nautical miles.

But its payload over 400 seats is often too great for many of such long-range routes. As a result, airlines increasingly are looking for a new airliner that can fly such long distances, but still make money with a much smaller payload, of around 200 seats.

Even such aircraft as the Lockheed Tristar and the McDonnell Douglas DC-10, while capable of very long ranges, are uneconomic on some routes where the traffic cannot justify the use of such aircraft.

A niche is emerging in the market-place, therefore, for a new aircraft tailored especially to this so-called "long, thin" type of operation.

Airbus Industrie's research team has progressively refined its studies, and the group now believes it has produced an effective design that can achieve the one basic condition—equality of seat-mile cost with the Boeing 747-200B.

Called the TA-11, this concept is now being "positively received by the airlines," says Airbus Industrie, because it will enable them to provide services in long-range markets which cannot economically support a Jumbo jet.

The TA-11 will also provide them, in Airbus' view, with an alternative to what is rapidly becoming a Boeing monopoly of the world's long-range airliner markets.

Boeing's dominance of this market is being reflected in the rising cost of 747 aircraft. The average price for a Jumbo jet is now about $100m (£74m). The TA-11 will be much cheaper, although Airbus has not yet put a price tag on the aircraft.

Airbus says that the basic TA-11 would have a range of over 5,400 nautical miles, enabling it to fly non-stop between Frankfurt and Tokyo or between Paris and Rio de Janeiro, but that an extra long-range version would have a range of 6,500 nautical miles non-stop.

In addition to competing with the Boeing 747, in terms of seat-mile costs, the TA-11 would also be competitive with the extra long-range model of the twin-engined 767, now being proposed by Boeing.

Airbus Industrie's studies indicate that most demand for the TA-11 is likely to develop in the late 1980s and early 1990s. Airbus expects that, between now and the end of this century, some 1,150 long-range aircraft of all types will be ordered, worth about $126bn, of which some 400 could be of the TA-11 type.

The engine for such an aircraft could be either the new international V-2500, or the Franco-U.S. (Snecma-General Electric) CFM-56.

International Aero-Engines (IAE), the group developing the V-2500 which includes Rolls-Royce and Pratt and Whitney of the U.S., says that it has conducted its own studies into the potential market for a TA-11, and believes it could develop a 27,000 lbs take-off thrust version of the engine to meet TA-11 needs by 1991.

This time-scale suits Airbus Industrie. It recognises that, having only just launched the new short-range 150-seat A-320 with substantial government funding, it must demonstrate at least the prospects of a profitable return on that venture, before asking for further government money for any new aircraft.

By the late 1980s, Airbus feels that it will have generated enough orders for the A-320 to prove the success of that venture, enabling it to talk seriously with partner governments on funding for the TA-11—which will probably need at least $1bn to develop, although the figure is not yet quantified by Airbus Industrie.

DURING the past six months, the values of the smaller second-hand aircraft types, such as Boeing 727s, 737s and McDonnell Douglas DC-9s, have increased, reflecting the airlines' need for smaller jets, Michael Donne reports.

The prices of narrow-bodied four-engined aircraft, such as many Boeing 707s and McDonnell Douglas DC-8s, have fallen in value, since they are ageing and many are coming close to being grounded, especially in the U.S. and Western Europe, because of new and more stringent noise regulations.

Widebodied aircraft prices on the second-hand market have tended to stabilise, although some models have shown small rises in prices.

These trends, outlined by Jordan Greene and Associates, the U.S. second-hand aircraft specialists, stems from the improving economic situation.

This is encouraging the airlines, especially in the U.S., to seek more equipment, but without going to the heavy expense of buying new models.

As a result, twin-engined Boeing 737s and Douglas DC-9s are in strong demand on the second-hand market. A 737 Series 200 can be obtained for about $6m against $13m-$14m new.

Mr Jordan A. Greene, who runs Avmarket Services, comments that whereas in the past, "big is better" was the maxim of the airlines, this has given way to "small is smart."

Airlines do not want large equipment that is expensive to maintain, and prefer the smaller, more flexible types.

Progress slow on flags of convenience

By Anthony McDermott in Geneva

THE CONFERENCE aimed at reaching an international agreement to regulate conditions for the registration of ships has at its halfway stage made little substantive progress towards resolving the central issue of flags of convenience.

The conference started on July 16 and is due to last until August 3. It is being held under the aegis of the United Nations Conference on Tariffs and Trade, with some 100 countries represented.

Important from the view of previous attempts to confront this issue was the fact that Liberia, Panama, Cyprus, the Bermudas, Bahamas and the U.S.—those countries which are most used as flags of convenience—were represented.

Progress towards a pact was impeded from the start by a row over how to define a genuine link that should exist between a vessel and its flag state.

At present it looks as if this conference will only be able to agree to recommend variations on the wording of such a pact agreed on at a conference held in Geneva last November.

TEXTILE WAGES

S. Korea pay above Portugal's

BY ANTHONY MORETON, TEXTILES CORRESPONDENT

HOURLY wages are now higher in the traditionally "low-cost" textile industries of South Korea, Hong Kong or Taiwan than in South Africa, Portugal or Turkey.

This conclusion emerges from the 1984 survey of wage rates in 44 textile-producing countries conducted by Werner International, the Brussels-based management consultants.

Wages in South Korea are U.S.$1.89 an hour, and $1.65 in Hong Kong, compared with $1.64 in South Africa, $1.28 in Portugal and $1.19 in Turkey.

Bot the cheapest place in the world to produce textiles is Uganda, where a man can be hired for 10c an hour. Uganda cannot claim any great textile industry, but in Indonesia and China—both important producers—wage costs are 22c an hour and 26c an hour respectively.

At the top end of the scale, Holland pays the top wages, with a wage of $9.80 an hour.

In the U.S., another high-cost country, wages were $8.60 an hour with West Germany paying $7.54. The UK was in 16th place with $5.46.

Werner points out that exchange-rate variations have had a substantial impact on costs since 1980, with West Germany, Italy, Sweden, France and Spain improving their competitiveness in relation to their labour costs.

By comparison, the U.S., Canada, Japan and South Korea have deteriorated, though South Korea actually improved in relation to the U.S., Canada and Japan.

Werner also points out that hourly wage rates are only one element that might affect competitiveness and profitability. In the U.S., for instance, personnel costs (wages plus on-costs) average 32 per cent of turnover in very large manufacturers.

By comparison, the average in South Korea, Taiwan and Hong Kong is 20 per cent. These countries have a labour productivity only 60 per cent of the U.S.

In China, hourly labour costs are only 3 per cent of those in the U.S., and labour productivity no more than 10-15 per cent of that in America.

Turning to investment decisions, Werner states that it is now almost essential that plant be run continuously in high-cost countries if the cost is to be justified.

Pact to produce growth protein

By John Wicks in Zurich

COMPANIES in three countries are to participate in an agreement for the production and marketing of human somatomedin C, a naturally-occurring protein involved in the stimulation of tissue growth.

The Swiss-American genetics company Biogen has signed a licence and development contract with Kabivitrum, the second largest pharmaceutical company in Sweden.

Biogen will make high-yielding strains and develop production and purification methods, while Kabivitrum will collaborate with the Japanese company Sumitomo Chemical in manufacturing the resulting pharmaceuticals.

Japanese clothing group building factory in U.S.

BY ROBERT COTTRELL IN TOKYO

JAPAN'S Wacoal Corporation is building a women's underwear factory in the U.S., and says it is the first Japanese clothing manufacturer to do so.

Wacoal is Japan's leading lingerie-maker. Its president, Mr Koichi Tsukamoto, said a Wacoal factory under construction at an as-yet undisclosed location will hire an initial 100 workers in the autumn.

It will begin experimental sales in spring, and full-scale operations next summer.

● Mitsubishi Heavy Industries has signed a 10-year licensing and technical assistance agreement for diesel engine production with the Hyundai engine and machinery company of South Korea.

Hyundai will produce HMI's UE low-speed diesel engine, developed in 1955.

Reuter adds from Tokyo: Foreign orders received by Japanese shipbuilders in April-June totalled 46 ships and 997,600 gross tons, down from 195 ships and 3.95m tons in the same period of 1983, the Japan Ship Exporters Association said.

This compares with 71 ships and 932,400 gross tons in January-March.

Japanese smelter project opens opportunities in Indonesia

BY CHRIS SHERWELL RECENTLY IN KUALA TANJUNG, SUMATRA

EARLY this century, when the Dutch dominated Indonesia, a dream was born in the mountains around Lake Toba, the vast 50-mile stretch of water which is the source of the mighty Asahan River. The idea was to harness the river's flow where it cascaded across waterfalls down to the Straits of Malacca, and to electrify Sumatra, the country's second largest island.

Although the notion seemed fanciful as well as impossibly expensive, it attracted the Japanese during their World War II occupation, the French in the 1950s and the Russians during Sukarno's presidency. But it was only in the 1970s that the transformation to reality began, and it was the Japanese who helped make it happen.

The hydropower — more than 500 MW of it — is now put principally to a single use: driving a 225,000 tonne per year aluminium smelter built on reclaimed swampland next to the sea. The whole Y411bn (£1.2bn) project, Japan's largest single venture in Asia, is reckoned to be the most successful Japanese "national project" in the world, with a better rating than ill-fated petrochemical projects in Iran and Singapore or a steel plant in Brazil.

This verdict springs partly from the fact that, once it got going, the project went ahead on schedule and within budget. But it is also because Asahan is a vital component in the transformation of the Japanese aluminium industry, and because it takes Indonesia another significant step down the road to its eagerly-sought industrial "take-off," projected for the 1990s.

Studies are already being done on the addition of two more hydroschemes to the two intake dams and power stations built in the first 20 miles downstream from Lake Toba. Capacity would also be added to the smelter, some 75 miles away, taking it from its present maximum of 225,000 tonnes per year, due to be reached by October, to about 350,000 tonnes.

The key is the agreement worked out in the 1970s between the Japanese and Indonesian governments. Initially, it was for a Y250bn project, but it had to be expanded to Y411bn in 1977-78. Fortunately this was a relatively painless operation, since both sides could afford it—today's tighter circumstances might have killed the project altogether.

Under the agreement, Indonesia holds a 25 per cent stake in the operating company called Indonesia Asahan Aluminium, or Inalum. The remainder is divided equally between Japan's soft-loan agency, the Overseas Economic Co-operation Fund, and a band of five Japanese smelting companies and seven trading companies led by Sumitomo Corporation, all linked to form Nippon Asahan Aluminium Company.

These partners put in 22.1 per cent of the total funding, or Y91bn, as equity. The remainder (Y320bn) was in the form of loans from the OECF and other Japanese agencies, the Indonesian Government and a Y160bn package involving Japan's Eximbank and 23 Japanese commercial banks. About 30 per cent of the total financing was needed for the hydroschemes.

The more significant points about the deal, however, concerned the cheap price of the electricity, the smelter's seaside location and the stable political environment.

"You don't often get a combination of all three factors in one place," says one of the Sumitomo executives working for Inalum who has seen the project through from its beginnings.

Originally, the Asahan project was going to be linked with an alumina plant exploiting bauxite reserves on Bintan island near Singapore. But the $570m plant was one of dozens "rephased" when falling oil prices hit Indonesian revenues, and alumina for the smelter is now imported from Australia instead.

Of the smelter's annual output, only some 30,000 tonnes goes to Indonesia's young aluminium fabricating industry. This saves on imports, but consumption is as much as double this level because demand is for intermediate products. Plants to make these are only now being conceived and built.

The bulk of Asahan's output goes to Japan, whose aluminium market, with its annual consumption of some 1.8m tonnes, is the third largest in the world behind the U.S. (5m tonnes) and Europe (3.8m tonnes). The impact of the two oil shocks of 1973 and 1979 on Japanese electricity prices has led to Japan's smelting capacity being slashed from 1.6m tonnes to around 700,000. About one-third of the projected 1985 market is expected to be supplied domestically, another third from "captive imports" like Asahan and the rest from other imports.

Asahan is thus part of a dramatic transformation in the Japanese aluminium industry under which "offshore" smelters will supply most domestic needs. It is one of five large Japanese smelting operations abroad. The oldest is in New Zealand, another in Venezuela and one, in Queensland, Australia, was built at about the same time as Asahan. The last is being built in Brazil. On top of this Mitsui has an investment in the U.S. and there is an indirect Japanese involvement in the Pechiney smelter project in Quebec.

For Indonesia, Aaashan brings plenty of clear benefits in the form of reduced aluminium imports, a boost for overall export earnings and an addition to north Sumatran power supplies. But the real advantage is seen to lie in the opportunities it offers.

The project has already brought the area of Kuala Tanjung a harbour, new roads, telecommunications and a town of 10,000 with shops, community centre, school, hospital and religious and recreational facilities. This means jobs, income and, hopefully, future expansion in industry and services.

Should this hoppen, it would mark a realisation of the visions first held out scores of years ago for the area.

S. Korean car exports rise sharply

South Korean exports of four-wheel vehicles rose to 31,699 units in the first half of 1984, up 159 per cent from a year earlier, according to figures released by the Korea Auto Industries Co-operative Association, AP-DJ reports from Seoul.

The January-June tally, valued at $77m (£55.5m) included 9,656 vehicles shipped in June, an increase of 728 per cent from the same month of 1983, the association reported.

The number of cars shipped to Canada during the past six months was not given, but officials said Canada, a newly emerging market for Korean cars, may have taken a delivery of more than half of South Korea's overall shipments.

AEG-Kanis secures DM160m Saudi order

AEG-Kanis, a subsidiary of the West German electricals concern AEG-Telefunken, has won a DM 160m (£42.7m) order from Saudi Arabia to build a gas turbine power station, Jonathan Carr reports from Frankfurt. The plant, with an output of 90,000 kilowatts, will be set up at Layla, 400 km south of Riyadh, and is due to begin operation in 1986.

The Saudi order covers all the engineering work, six gas turbines and generators, electrical switching gear and construction as well as on-site training.

MBB in helicopter pact with India

Messerschmitt-Boelkow-Blohm (MBB) of West Germany has signed an agreement with Hindustan Aeronautics to design and develop an advanced light helicopter, K.K. Sharma reports from New Delhi.

The new helicopter will replace the Cheetah and Chetak helicopters built by Hindustan Aeronautics with French collaboration. A spokesman for the West German Embassy said the agreement mainly involves the transfer of technology. He declined to give details on the value of the contract to MBB.

Spanish shipowners urged to avoid Gulf

Spain has advised shipowners not to send vessels to the Gulf after Iraq failed to guarantee that it would not attack Spanish shipping, a Foreign Ministry spokesman said yesterday, Reuter reports from Madrid.

The move follows two requests to Iraq for safe passage for Spanish-flag carriers after an Iraqi air attack on a Liberian tanker last month in which seven Spaniards were killed.

Ammonia storage plant for Sonatrach

A JAPANESE consortium, led by Toyo Kanetsu, has won a $44m turnkey contract to build a 20,000-tonne low-temperature ammonia storage plant in Annaba, Francis Ghiles reports. The Algerian client is the state gas and oil monopoly, Sonatrach. The contract is 85 per cent financed by Japan's Eximbank.

Cancer link to nuclear plant not established

BY DAVID FISHLOCK, SCIENCE EDITOR

DOCTORS have been unable to link the cases of childhood leukaemia which have occurred in the Cumbrian village of Seascale in north-west England with the activities of the nearby Selafield factory of British Nuclear Fuels.

The Sellafield plant, formerly known as Windscale, processes nuclear waste and is the village's principal employer. Last November beaches were contaminated after a discharge of radioactive solvent from the plant.

A report published yesterday by an advisory group headed by Sir Douglas Black, president of the British Medical Association, said: "We have found no evidence of any general risk to health for children or adults living near Sellafield when compared to the rest of Cumbria.

"We can give a qualified reassurance to the people who are concerned about a possible health hazard in the neighbourhood of Sellafield."

The Black inquiry was set up by the Government after allegations by a Yorkshire Television documentary, screened last November, of a high incidence of cancer among children who lived in Seascale.

The Black report said inquiries revealed other places in Britain with a higher incidence of child cancer.

Fewer than f0 cases were found over a 30-year period in Seascale, a "relatively small number," but because of uncertainties about the size of population from which they were drawn, the true incidence of leukaemia could oot be determined precisely. Each case could have been the result of chance or some unknown factor.

In West Cumbria as a whole mortality from childhood cancer was close to the national average.

The Government has accepted all 10 recommendations of the Black report, including its calls for further research, which Sir Douglas estimates will require another one to two years.

At a press conference in London yesterday Sir Douglas stressed repeatedly the importance of comparing the risks of nuclear radiation not with zero risk but with the risks of other ways of generating electricity.

He refused to disclose the places with a higher incidence of childhood cancer, other than to say that the inquiries had covered England and Wales and that there was no reason to think they were not chance statistical events.

Sir Douglas said that barring accidents at the Sellafield factory he believed the people of Seascale were incurring a risk no greater than other people incurred in their daily lives.

His report, however, found "uncertainties concerning the operation of the plant, which were highlighted in the Nuclear Installations Inspectorate report of the November 1983 incident, and also problems attendant on the functioning of a plant, part of which has been long in service."

The report also finds some evidence of lack of co-ordination between the various agencies with an interest in the nuclear industry.

Seven of its 10 recommendations are for more research into the occurrence of cancer in the locality, in Cumbria, and more generally. Concern is expressed that Sellafield's discharges of alpha-radiation should be "significantly in excess of those from similar plants in other countries."

The final recommendation is that Government controls on British Nuclear Fuels should be revised more frequently, should place greater emphasis on gathering health data, should involve formal consultation on health matters with the Department of Health, and should be more clearly defined by Government in terms of responsibility for monitoring and Intepretation of results.

Mr Kenneth Clarke, Minister for Health, said: "The group tried to reach a conclusion on the suggestions that an increased level of radioactivity in the neighbourhood of Sellafield has caused an above-average experience of leukaemia. They say it is possible but by no means proven."

Mr Clarke said that although the proposition could not be completely discounted, "it is difficult to see what scientific evidence would suffice to do so."

The minister said he accepted the need for some further studies in West Cumbria and action on these was in hand. We are considering how best to implement the group's recommendations about monitoring of dose measurement at the national level and we will commission further research on health aspects of radiation."

Investigation of the possible increased incidence of cancer in West Cumbria, Stationery Office, £6.70.

BANKS FACE MORE COMPETITION

Plan for building society reform

BY MARGARET HUGHES

BUILDING SOCIETIES – savings institutions which lend money for house purchase in the form of mortgages – would be given far-reaching powers to compete in the financial services industry under proposals put forward for discussion by the Government yesterday.

It published a long-awaited Green Paper (discussion document) on the future of the societies which proposes an end to their 100-year-old restriction to mortgage making. The paper says that Societies should be allowed to make unsecured loans, own land and property and invest in subsidiaries to conduct new types of business.

The document also calls for public debate on other possible powers for the societies to which the Government is not yet fully committed, such as cheques and credit cards, all-round home-buying services including legal and surveying work, insurance broking and stock market services.

It would toughen safeguards to protect societies from the dangers of these riskier activities. It would extend the Thatcher Government's policy of equalising tax and regulatory treatment between societies and banks, now that they compete head-on in many markets.

Announcing the Green Paper yesterday, Mr Ian Stewart, Economic Secretary to the Treasury, described it as "the most wide-ranging review of the role and constitution of building societies in over a century." He emphasised that new legislation would be "evolutionary rather than revolutionary."

The prime aim, he said, was to ensure that societies retained their traditional roles. Nonetheless, the Government believed there was scope for expanding building societies' operations without prejudicing their basic roles as secure havens for savers' funds and in providing housing finance.

The Government has set a deadline of October 15 for consultations on the Green Paper. Mr Stewart said that it is hoped that legislation would be passed in the 1985/86 parliamentary session so that the changes could be implemented in late 1986 on early 1987.

The Chief Registrar of Friendly Societies, whose staffing and prudential supervision may be strengthened to oversee the new powers granted to the building societies, will also be publishing discussion papers on reserves and liquidity. These criteria will be similar to those which the Bank of England produce for banks and licensed deposit takers.

As foreshadowed in a speech by the Chancellor of the Exchequer on July 3, the Green Paper gives the societies virtually all they have been seeking in the financial services field. It also goes most of the way to meeting their demands in housing and house purchasing, although the Government clearly has some reservations on that issue.

Mr Herbert Walden, chairman of the Building Societies Association welcomed the Green Paper which was "very much in line" with his members' views. Many of the proposals, he said, were in accord with those put forward by the BSA itself in its own discussion paper published earlier this year.

The Green Paper proposes that in financial services, the building societies would be free to compete more openly with the banks. Bigger societies would be allowed to make limited amounts of unsecured personal loans for such items as furniture, fittings and repairs to a maximum £5,000 to any individual.

But this power would be limited to societies with free reserves of at least £3m. Today, that means the 56 largest who represent only 25 per cent of the total number, but accounts for 95 per cent of the industry's £87bn in assets.

In the direct housing sector, societies would be allowed to own land for residential development for both sale and rent. The Government would allow societies to extend their house purchasing services to include conveyancing (the legal side of property purchase) and structural surveys. It has reservations about their wish to operate as agents for the sellers of property because of a conflict of interest.

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THE SUGGESTED WAY AHEAD

- Mortgage-making becomea "primary" rather than aola purpose of building societiea.
- New lending powers for big societies, including second mortgages and personal loans up to £5,000.
- Right to own property and land and to develop property.
- Public debate on cheque book, credit card and other financial and related services.
- New rules on constitution and accountability.
- End of interest rate cartal's exemption from Restrictive Trade Practices Act.

Whitehall prepares for civilian coal lift at strike-bound pits

BY OUR INDUSTRIAL AND POLITICAL STAFF

THE GOVERNMENT plans to use civilians instead of troops if large stocks of coal from strike-bound mines have to be transferred to power stations.

This would be carried out in a rapid road operation. The projected use of civilian contractors was one of the factors behind assurances given at the weekend by Mr Peter Walker, Energy Secretary, that there was only a faint possibility of troops being used to prevent a national electricity crisis this winter.

As the miners' dispute entered its 20th week Mr Norman Lamont, Industry Minister, told the House of Commons yesterday that British Steel could be forced to close some plants if miners succeeded in interrupting production.

Mr Lamont dismissed suggestions that British Steel could survive any interruption to its production. "Everybody must know that foreign companies would snap up the markets at the first opportunity," he said.

About 18m tonnes of coal is held at strike-bound pits. The extent of Government preparations to move these coal stocks is evident from Whitehall admissions that national figures have been compiled on the numbers of heavy lorries and drivers needed for a rapid coal lift. Officials are convinced that resources are adequate.

It is pointed out that haulage companies have played a decisive part in supplying power stations during the present strike. About half of the estimated 500,000 tonnes of coal reaching the Central Electricity Generating Board each week is carried by road.

In normal times, most of the coal arrives by so-called merry-go-round trains which shuttle between pits and power stations carrying 1,000 tonnes of coal on each journey. During the strike only 20 per cent of the normal number of coal trains have been operating.

Plans for a coal lift have clearly be influenced by the success of the British Steel Corporation in switching from rail to road for its requirements of iron ore and coking coal.

The Government is trying to maintain the tightest secrecy about the timing and location of any coal lift operation because it realises that there would be vigorous picketing of power stations and pits in an effort to prevent it happening.

BL plans £1.6m test laboratory expansion

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

AUSTIN ROVER, the BL subsidiary, is to spend a further £1.6m on high-technology equipment at its test laboratory at Canley, Coventry, which came on stream at a cost of £2m last October.

The new facility will be in operation by March next year in time to play an important role in the development of Austin Rover's next major car, the executive model code-named XX. The car is being developed jointly with Honda of Japan and is due to be launched in September or October next year.

The laboratory is housed in a former production area which Austin Rover says has been refurbished at a fraction of the cost of a new building. "It means that the bulk of the initial £2m investment was spent where it mattered – on high technology test equipment," says Mr Joe Farnham, Austin Rover's director of product engineering.

The first phase of the facilities have been operational since October last year and were used in the development of the Austin Montego.

Austin Rover says the equipment enables it to "bring into the laboratory" all types of road conditions so that a vehicle or a component can be tested 24 hours a day, independent of human drivers or the weather.

Mr Farnham says, "Our new test facilities have cut considerably the time needed to carry out exhaustive tests and have enabled our examination of cars to be more thorough."

Most of the £1.6m will be spent on a multi-axis simulator incorporating 14 electro-hydraulic actuators capable of reproducing vertical, lateral and longitudinal road or test track loads, including braking effects. Its installation will make the Canley laboratory, one of the most advanced of its type in Europe, according to Austin Rover.

Yamazaki to build UK plant

By Peter Bruce

YAMAZAKI machinery works, one of Japan's largest privately owned machine tool manufacturers, is to invest £30m in an automated plant to build computer controlled machine tools in Britain. It will be the first direct investment in the UK by a Japanese machine tool producer.

The Government said it would make a grant of £5.2m towards the cost of the plant to be built near Worcester after agreement last week with the European Commission in Brussels.

Yamazaki has spent nearly three years looking for a manufacturing base in the EEC and had narrowed its choice to the UK, West Germany and Belgium. The company already has a sales and assembly unit at Worcester.

The Commission blocked the UK Government's aid to the project earlier this year after protests from West German machine tool makers.

Mr Norman Lamont, Industry Minister, said Brussels was now satisfied that the investment would serve an overall EEC interest.

Video disc sales expected to 'remain limited'

BY JASON CRISP

SALES of video disc players as a consumer product are likely to remain limited for many years, according to a new study by CIT Research, the London-based marketing analysts.

The value of sales to the professional market – sucb as for training and education – will exceed those to the consumer market by 1987, it says. In spite of technological and programming improvements, the report says the value of consumer sales will not be higber until "well into the 1990s, probably even later."

Video disc players have better quality pictures and are cheaper than video cassette recorders (VCRs) but cannot record broadcast television programmes. Video disc sales have been very slow as a consumer product in the U.S., Europe and Japan. Earlier this year RCA, one of the leading proponents, withdrew from the U.S. market after suffering losses in excess of $500m.

Like VCRs, there are three rival and incompatible formats for video disc. CIT predicts that the Laservision optical disc developed by Philips, the Dutch electricals group, will become the dominant format if another major electronics manufacturer backs it.

CIT points out that Laservision is more suited to the professional market because the discs are mucb more robust and suitable for constant use than the rival VHD system developed by the Victor Company of Japan and sold in the UK by Thorn EMI.

The report notes that the VHD system would still be the logical choice for the consumer market in terms of cost and flexibility. "It remains ironical that with its buge programming support in television, its operational stance in cable TV and its command of rental TV outlets, Thorn EMI has resolutely decided to avoid the consumer market.

Another important market for video discs will be in data storage. Already a number of major manufacturers sucb as Philips, Matushita, Xerox and IBM are offering expensive and sophisticated information storage systems based on optical disc technology. CIT estimates that by 1990 more than 50 per cent of the dollar value of the U.S. market for this technology will come from these storage systems.

The report is available from CIT Research, 1 Harewood Place, Hanover Square, London W1. Price £245.

Glaxo to back drug with £50m investment

By Lisa Wood

GLAXO, one of Britain's major pharmaceutical companies, yesterday announced a £50m investment in a new plant to expand production for its latest antibiotic.

The plant, at the group's factory at Ulverstoo, Cumbria, will be Glaxo's largest single investment in the UK.

The new drug, Ceftazidime, is an injectable cepbalosporin antibiotic, one of a category of antibiotics which have evolved from penicillin and are being increasingly used, particularly in hospitals.

The worldwide market is worth an estimated $1.8bn. Glaxo bas recently made the drug available in the UK, Italy and West Germany and is awaiting product approval in Japan and the U.S.

"We believe Ceftazidime is capable of achieving a significant share of this highly competitive market," Glaxo said yesterday.

The bulk of the antibiotic output from the new plant will be for use overseas and a full international programme of launches is planned. The plant is due for completion in mid-1986.

Terex moves into gear after rescue by General Motors

MARK MEREDITH reports on expansion plans for the Scottish construction equipment company

THE WORLD market for the monster machines used on big construction sites may be flat, but this has not discouraged Terex Equipment of Motherwell, Scotland, from planning expansion.

Terex Equipment was formed in March when General Motors rescued the former Scottisb subsidiary of the U.S. Terex group from receivership.

The receiver took over in November after the collapse of the West German IBH Holdings construction equipment group. Ironically IBH bad acquired the entire Terex group from General Motors at the end of 1980 when GM decided to get out of the construction equipment busioess.

Today GM is firmly back in control at Motherwell. Mr Gail Gunderson, who has managed several of the group's international operations, has been eppointed chairman and has already started to step up production.

The workforce, down from a peak of 1,900 to 350 last February, is up to 560 and is expected to reach 800 soon. The company is breaking even on operations and bopes to become profitable by the end of the year.

Despite lack of demand GM plans two additional products, an articulated truck which was designed at the Newbouse plant near Glasgow and mothballed during the IBH troubles, and a further machine in a £1m project yet to be announced.

It has also started a determined trawl of other European producers to look for possible product alliances that would help to compete with the big full line suppliers, Komatsu of Japan and Caterpillar of the U.S.

Mr Gunderson said: "We're looking at how we can complete our product line whether internally or with other companies."

Terex is looking for three truck models, several medium-sized bulldozers, two smaller wbeel-loaders and an excavator to improve its range.

Its bunt for an excavator – one of the better sellers – has taken executives to several European producers. Talks are believed to be well advanced on a possible distribution exchange with companies complementing Terex's range.

"We are keeping all the options open, there could be buyouts, or partnerships – it doesn't necessarily bave to be marriage," Mr Gunderson said.

Why sbould a car company the size of Geoeral Motors, with £32bn of assets, return to an industry it abandoned 3½ years ago?

A first it seems GM rescued Terex Scotland to protect its assets and to prevent the worldwide company being broken up. Terex has two other operating companies, in the U.S. and Brazil. When IBH collapsed the Brazilian company carried on trading normally and the U.S. company obtained protection from creditors under Chapter 11 of the U.S. bankruptcy code.

There is no danger that the Brazilian or U.S. assets will be sold off or liquidated, but the receiver in Scotland had total control and could bave broken up the company at any time. GM, whicb still owned the Terex plant and equipment after the sale to IBH, was worried about its £39m in assets in Scotland.

Officials of GM acknowledge that they might not have bought the Scottisb company from the receiver if a bankruptcy procedure similar to that in the U.S. existed in Britain. Now they are back, however, they seem more enthusiastic.

"We made an in-depth study of this company. If we didn't think it was viable, we would not bave done it," says Mr Gunderson. "It would have been pouring good money after bad.

"We felt the product was good and reliable and there was volume potential in reasonable time."

The world market for off-road equipment has remained below £19bn a year since 1979. "The outlook is still static, but what we must do is restore our market share," Mr Gunderson said.

Terex has a strong position in the UK dumper truck market, claiming more than a quarter of all sales, but that too is depressed.

Naval contract open for tender under new competition policy

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

MORE THAN 20 Britisb defence companies have been asked to submit designs for a support ship for the Royal Navy which could eventually involve orders of well over £500m.

The Government's approacb to the defence industries on the new vessel illustrates key aspects of its policy to introduce greater competition into defence contracting. It is the first time the Ministry of Defence (MoD) bas applied the policy to a major shipbuilding contract.

According to Mr John Lee, under secretary in charge of defence procurement, the MoD is seeking a prime contractor to take total responsibility for the designing and building of a 30,000 tonnes fleet ship capable of replenishing warships with stores, ammunition and fuel.

At a press conference yesterday Mr Lee said that the method of procuring the vessel was "totally new" for a ship of its size and complexity. The concept of the ship was also new.

Initial reaction from the companies bad been good, Mr Lee said, although they were "conscious that we're looking for a pretty tougb package."

The vessel will be much larger than normal fleet support ships, it will carry a much wider range of stores and will be armed with vertically launched Sea Wolf missiles.

Normally the MoD would nominate a shipbuilder to design and build the first and probably all subsequent ships, with the contract price being fixed at a late stage in the project.

Yesterday Mr Lee said that the Swan Hunter shipyard had produced a study of the vessel, but the MoD wanted the industry to come up with its own ideas. The winning contender could be required by the ministry to take ideas from its competitors, he said.

The winner would be awarded a fixed-price design, development and production contract for the first and possibly the second ship. However, the rights to the design would rest with the MoD, which would put the remaining four vessels out to tender.

Mr Lee acknowledged yesterday that in this instance there were limits to the competition policy, which has been given increasing prominence by the Government over the past year.

Although some foreign weapons systems could be included in the final package, only British companies would be asked to tender to build the ship. The vessel was not being designed with exports in mind, and there was no intention to seek to build it collaboratively within Nato.

Mr Lee said that the MoD was proud that 95 per cent of Britain's defence equipment was British made.

MoD officials said that the new ship would be too sophisticated for the sort of countries which might be in the market for such vessels, while other Nato countries already built their own.

Amex reshapes UK banking activities

BY ANDREW BAXTER

AMERICAN EXPRESS, the U.S. financial services company, will soon complete a reorganisation of its UK banking activities as part of its strategy of international growth.

The group's American Express International Banking Corporation (AEIBC) said yesterday it expected to complete the combination of its main UK activities with those of Trade Development Bank (TDB) before the end of the year.

The move follows last year's merger betweeo AEIBC and certain non-U.S. banking subsidiaries of Trade Development Bank Holding, the Swiss-based private banking group founded by Mr Edmond Safra.

The UK reorganisation will bring together AEIBC activities such as trade and product finance, commercial and correspondent banking with those of TDB, whose main strength is its affluent private banking clients.

Mr Raymond Maggar, general manager for the new UK operation, said the combination between AEIBC and TBD had already given American Express a major new presence internationally. The London reorganisation would create a "very special" international commercial bank with a comprehensive list of services.

He said an important target would be the "high net worth" private client looking for a more diversified approach to investment. The size of the AEIBC and TDB combination as a whole, with capital and reserves of $1bn, would give it the strength to enter new markets, although no acquisition was planned at present by the London bank.

The London reorganisation will be an important element in the integration of AEIBC and TDB, which was given a significant boost earlier this year when Mr Safra, a respected if reticient international banker, agreed to become chairman and chief executive of AEIBC.

Economy heading for slowdown, say brokers

BY PHILIP STEPHENS

THE PACE of economic growth in Britain will slow significantly this year and next while inflation will edge higher in response to the recent weakness of sterling and the rise in interest rates, London broker Buckmaster & Moore forecasts today.

In a review of the outlook for the economy and the market in government stocks (gilts), the broker predicts that gross domestic product as measured by expenditure will rise by only 2¼ per cent this year, compared with nearly 3½ per cent in 1983.

The rate of growth will fall further to 1¾ per cent in 1985 as the consumer spending boom which has so far sustained the recovery fades.

It predicts that investment and exports will take over some of the momentum of the recovery, but will be insufficient to maintain the present pace.

The forecast assumes that the miners' strike, which will depress output this year relative to 1985, is settled by the autumn.

The broker says that retail price inflation is likely to rise to 6 per cent by the end of this year, and edge up further to 6½ per cent by the second quarter of 1985, before gradually drifting lower again.

Company finance, however, should continue to improve, with the financial surplus of industrial and commercial companies expected to reacb £7bn in 1984 despite a substantial rise in capital spending.

The Government's finances are unlikely to be as healthy, it says, as higber-than-expected public spending pushes the 1984-85 public sector borrowing requirement (PSBR) up to £9bn against a target of £7.25bn.

Slower growth in bank lending, bowever, should make it relatively easy for the Government to hit its monetary targets, and although base tending rates are not expected to fall before the end of the year the outlook is broadly favourable to the gilt-edged market.

'Good year' for banks

BY DAVID LASCELLES

BRITAIN'S four large commercial banks will this year report their results for five years, according to the annual bank review published by de Zoete & Bevan, the London stockbrokers.

It says the banks will increase profits by about 19 per cent, but a slower 11 per cent rise is predicted for next year.

The main points behind this year's better results should be lower inflation, higber revenue from increased bank charges and fewer bad debts. On the international side the analysts assume that the debt crisis is not cataclysmic and that banks do not have to make sharply higher provisions against problem loans.

Next year banks could face a squeeze on their margins because of tha introduction of composite rate tax on deposit interest rate payments. The brokers say this will highligbt what low interest banks pay, and force them to boost interest to retain deposits.

The review also predicts that several banks will have to make rights issues to strengthen their balance sheets after the recent budget tax changes.

THE MANAGEMENT PAGE: Small Business

EDITED BY CHRISTOPHER LORENZ

WITH RETIREMENT and a large gratuity coming up, a middle-aged policeman started looking for a small business from which to make his living. A newsagent on one of his old beats wanted to dispose of his lock-up shop and it seemed ideal. The policeman went to see his bank manager.

Of course he could have a loan to cover half the purchase price, the manager said. Naturally, the bank would want security—the policeman's house would do—and if he could sign a personal guarantee too, well, that would clinch the deal.

The policeman's solicitor looked at the figures for the newsagency's performance and advised caution. He suggested a chat with Mr A, a chartered accountant friend from Rotary lunches whose three-man practice acted for many small businesses in and around a pleasant seaside town in the North of England.

Mr A takes up the story: "The business had never made more than £11,000 of profit, with £8,500 a more common level. The vendor was keeping the freehold and proposed a rent of £5,000 a year to fund his own retirement. This was a new charge on the business which quite obviously would have reduced considerably the already poor profitability.

"From my experience I valued the goodwill of the business at a maximum of £22,000. But the vendor had been advised to ask for twice that sum and that was what the policeman had been told by his bank that it would be happy to finance.

"He was so crestfallen when I advised him against the bank loan—and the purchase itself if he couldn't get the price down—that I told him I would waive my fee so that he could use the money to ask any other chartered accountant for a second opinion."

What concerned the policeman most of all, however, was his bank manager's willingness to lend the money. The policeman argued that if the deal was such a poor one, why would he have agreed so readily? After all, he was a bank manager, one of those friendly, concerned people resembling actor Peter Barkworth (who starred in a TV series about a bank manager). If he said yes, the prospects must surely have looked good?

Mr A—who has to deal regularly with all the clearing banks and therefore wishes to remain anonymous—has a somewhat jaundiced view. "The bank should never have agreed to the loan in the first place and almost certainly would not have done so 20 years ago. Then, the business would have been analysed properly and the risks assessed."

Why advice from a bank manager 'is not impartial'

BY IAN HAMILTON FAZEY

"A debt-collecting agency in South America? Perfect—how much do you want?"

What happens now, says Mr A, is that banks will lend large sums for practically any legal venture provided that collateral is adequate. Government-backed loan guarantee schemes encourage them to lend even more readily. Competitive pressures make them even more eager.

As Mr A and any business consultant will admit, there is nothing wrong with this when viewed from a strict commercial point of view: a bank's business is to lend money in return for a rate of interest. Problems arise, however, because the public, and hence the majority of small businesspeople, do not see the banks, or their role, in this light.

One management consultant whose firm runs small business courses for the Manpower Services Commission told me recently: "We have the devil of a job persuading people that banks are High Street money shops and that approaching them for finance is in principle no different from shopping around for a washing machine."

Advertising campaigns have fostered an image of bank management that is not true to life, according to such independent advisers. Bank managers are equated with doctors in terms of status.

Mr A takes a different view: "The small businessperson must not automatically believe that all bank managers are trusted friends and advisers. They might well be able to help, but I have come across many who are pretty thick.

"The banks are very big now and have many branches. Really good people are promoted to head office or big branches, so that small High Street branches have a range of people from rising managers getting experience to people who knew that if they hung around long enough they would get a managership sooner or later.

"The majority of bank managers encountered by small businesses are unequipped to advise on running those businesses."

There is an element of self-interest in Mr A's view because he sees impartiality as the crux of the issue, which means that he believes that chartered accountants or consultants can give truly independent advice while bank managers cannot.

"They are there to act as bankers, making money on their advances, not to act as business advisers. They have a financial interest in every transaction and, by definition, cannot be impartial.

"But I give my services in return for a fee. I am bound by a professional code of ethics enforced by the Institute of Chartered Accountants, which means that my duty is always to my clients. A bank manager's duty is to the bank and there is no avenue for complaining about him or sueing him for negligence in giving you wrong advice."

Recently, one of Mr A's small business clients tried to take over a debtor, a family company which was in trouble because of a lack of forceful management following its founder's death. The only other major creditor was the bank, where the company in trouble had a £60,000 overdraft.

All that was needed was a few weeks' grace while Mr A's client, a forceful, successful manager, merged the two small businesses. The bank manager agreed; then, according to Mr A, had second thoughts and panicked. The bank had a debenture on the business worth £120,000 and he sent in a receiver to get it.

The family firm had to fold and a dozen jobs were lost. Eventually, Mr A's client hopes to expand but it may take two years to reach the point he could have achieved in as many weeks.

Meanwhile, he will have to wait some time to recover his debt from the failed company and probably will not be paid in full, with consequent effects on his own balance sheet and trading accounts.

The bank manager, of course, was doing his job for the bank, not fuctioning entrepreneurially. Mr A tells the story not so much as a criticism but as an illustration of likely true form when the going gets tough and risks have to be taken.

The banks, he says, rarely risk anything simply because they demand ample collateral. Small businesspeople who pledge their houses against loans, or who sign personal guarantees, are the risk-takers.

Mr A's advice is never to sign such a guarantee, to keep personal and business risks as separate as possible and persuade people to lend you money on market grounds alone—on the likelihood of your project or business being a winner. If a bank insists, shop around; there will always be someone who will lend the money more cheaply and for less collateral in what remains a buyers' market.

Sarum Farms

In last Tuesday's article on Sarum Farms it was stated that the Winchester-based company had taken over a Devon manufacturer of laminated wooden beams which was in receivership. This was incorrect. The beams company was not in receivership. We regret the error.

Loan scheme slows up

THE MUCH changed Loan Guarantee Scheme—which came into effect on June 1—appears to be getting off to a slow start. The Department of Trade and Industry received virtually no applications in June (and did not even bother to make its usual announcement) and the signs are that no more than a trickle of companies have been showing any interest in the scheme in July. National Westminster Bank, for example, says it received only eight proposals from customers in the first 2½ weeks of the month.

It is, though, still very early days. Besides the initial delay in getting the participating banks and the DTI to finalise a rewording of their legal agreement, bank managers and businesses are inevitably having to come to terms with what effectively is a new scheme while the summer months are traditionally less active. Bankers believe, on the other hand, that the changes to the scheme—a reduction in the Government's guarantee from 80 to 70 per cent of the amount borrowed, leaving lenders to shoulder 30 per cent of the risk instead of 20 per cent and an increase in the cost of the premium paid by the borrower from 3 to 5 per cent—are already taking their toll.

Behind the scenes, meanwhile, there is likely to be much talking between the DTI, the clearing banks and lobby groups about ways of reducing the "unacceptably high" rate of losses. At the last count claims under the guarantee exceeded premium income by around £44m.

National Westminster, which is keen to see the scheme continue after it officially expires in December, claims its own figures suggest that its internal appraisal and monitoring have improved.

The bank analysed all the businesses which drew down money in the six months after June 1981 (when the original pilot scheme was introduced) and found that 20 per cent had gone into liquidation a year after getting the money. The same exercise was carried out on businesses applying for LGS loans in the first six months of 1983 resulting in a failure rate 12 months later of only 11 per cent.

T.D.

Venture capital

A philosophical approach

NO ONE needs to tell Michael Stoddart that when be stands up to address a roomful of private investors in London tomorrow, some members of his audience will be feeling distinctly unhappy.

As chairman of Electra Risk Capital I, Stoddart knows that many shareholders at the annual meeting will be mindful of the four young companies in the fund's portfolio which have gone into liquidation over the last 12 months (at a cost of £1.2m) and of the two which have been sold at a loss of £300,000 on their original investment. At £8.7m, the fund—ERIC I—is by far the biggest set up under the Government's original Business Start-up Scheme—but so far at any rate it is also proving to be the most accident-prone.

Being someone who understands the risks and rewards of investing in unquoted companies better than most in the City of London, Stoddart is philosophical. He admits that his group "underestimated the time and effort" that would be required to nurture and encourage a selection of start-up companies (they had to be less than five years old to qualify under the original scheme)—but he maintains that shareholders will not be disappointed by the fund's performance. At the very least, he says, they will get their investment back — a result which, given the tax relief provided by the Government, would represent a net gain of varied proportions at the end of the day.

Launching a fund under the Business Start-up Scheme (and subsequently two more under the more generous Business Expansion Scheme) has only been one chapter of an eventful and entrepreneurial career for Stoddart at Electra Investment Trust (EIT, the owner of the Electra Risk Capital management company).

Through the £200m EIT, which he joined as deputy chairman and chief executive in 1974 — Stoddart has pioneered some highly imaginative if sometimes controversial deals, built up the trust's unquoted portfolio from next to nothing to more than 50 per cent now, provided a major stimulus to the management buy-out fashion by helping fund the successful Candover Investments with Roger Brooke, and aligned his group with a major venture capitalist in the U.S.

Michael Stoddart: committed

Films, oil exploration and recovery stocks are among the other high-risk ventures he and his team have been prepared to back.

Although EIT has been constrained until recently by its policy of paying generous dividends from entering the "early stage, high-tech" field it has nevertheless taken direct positions in companies such as Ibis and Millicom and developed links with T.A. Associates, manager of the Advent venture capital funds. Well connected in the City of London and in the U.S., Stoddart is, therefore, in a good position to comment on the tremendous explosion in interest in UK venture capital, both by private investors, institutional investors and through the BES.

Based on his experiences and those of his managing director, Michael Walton, with the Electra Risk Capital (ERIC) funds, Stoddart says he is worried that "there are a hell of a lot of people lashing out money on small companies with no idea of what is involved."

He does not think that the BES "is achieving what the Government hoped it would achieve" in terms of new companies and new employment and agrees with Walton that the tax relief may ultimately be restricted to investments in new companies again if the Government decides that the BES is just a licence to avoid tax.

"If it was we would certainly run another start-up fund. I think it can be done but I don't know if people would support it. We have learnt a lot from ERIC I and that has reinforced our view that the degree of involvement with companies has got to be considerable."

Stoddart points out that Electra's unquoted management team now numbers 10 and that three of these spend their whole time helping existing companies in the EIT and ERIC portfolios.

Commenting on his experience of venture capitalists in the United States, Stoddart says that companies never get enough money at the beginning—"you've always got to expect that they will come back, that results always take longer than expected to achieve (he cites a friend's investment in ACT which stood still for seven years before taking off spectacularly), and that entrepreneurs the other side of the Atlantic are considerably more hard-nosed than their UK counterparts.

"Venture capital managers in the U.S. have little inhibitions about firing entrepreneurs. The inhibition is greater here where businessmen are much more sensitive about losing equity control and getting outside help."

Stoddart is as conscious as anybody of the risks of start-ups and in an effort to reduce these is pioneering a new sort of investment to exploit sources of innovation and R and D. For the moment Electra has set aside around £1m to seek out products or ideas which may be sitting around in major companies or other establishments and could be turned into joint ventures.

"The evaluation of the joint venture and the choice of partners will be a crucial part of Electra's role as a catalyst. It is envisaged that large firms will often second the appropriate management to provide the necessary finance, administration and marketing skills that start-up companies so often lack."

So far two deals have been completed and a third is near completion. EIT and Thorn EMI have made an initial commitment to invest £100,000 each in System Simulation, designers of advanced graphics and data-base software.

ERIC, meanwhile, is in the process of raising money for its third fund (the second under the BES).

In common with all other BES funds at the moment, ERIC has found marketing tough and expects to pull in around £2m compared with its original target of £10m.

Tim Dickson

Business Opportunities

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THE ARTS

London Galleries/William Packer

Potters who have become great artists

Some weeks ago I wrote in passing of the Hans Coper Retrospective that has but lately finished at the Serpentine, recommending a visit and expressing the pious hope that I would return to the subject, to give it proper consideration. Well, all is not lost; and though that show has most certainly moved on, an extremely choice group of Hans Coper's pots is still on view in London (at Fischer Fine Art in King Street, St. James's, until August 3), with the bonus that it shares the gallery, as it did so often in his lifetime with the work of his great mentor, subsequently friend and close associate, Lucie Rie.

Between them, these two expatriates, the one a southern German, the other a Viennese, both of them refugees from Hitler's Greater Reich, who made their careers and at last their reputations in this difficult country, have been the dominant figures in British ceramic art since the War, or perhaps we should say since Bernard Leach, for their influence has been especially strong in the last two decades and a half.

Miss Rie, now in her early eighties, remains without question the most distinguished of our working potters, with few peers in the world: and to see her pots as they are now set out in the diffuse and gentle daylight of the gallery, most of them astonishingly the work of only the last year or so, is one of the most delightful visual treats that London currently has to offer. To see them in conjunction with the more emphatically physical and sculptural Coper pots that occupy the lower gallery is to realise not simply the qualities peculiar to each, but to see something of the nature of their mutual creative dependence and regard.

Both of them were drawn to the same imaginative references and stimuli, to the technical directness, formal simplicity and adventurous glazing of the Japanese and Korean traditions, and to the more ambiguous refinements of the ancient world, the delicate shapes of archaic phials and flasks and the broader intimations of votive figurines, charms and talismen. The urbanity of Miss Rie's work has been remarked—work that had "no nostalgic undertones of folk art; the style. . . that of someone conscious of modern architecture" according to George Wingfield Digby in 1967 —and indeed we can hardly forget that hers was the Vienna of the Secession and its aftermath; but to say so is simply to acknowledge a most important moderating influence upon an artist whose imaginative roots go much wider and deeper than that. All Art can be seen as Folk Art at a distance, especially so when the particular artists are obscure or forgotten.

If Hans Coper took from Miss Rie her consummate delicacy and finesse, that lightness of touch and nicety of judgement in work that seems almost to contradict gravity and the physical substance of clay, buoyed up as it were by its own airiness, so she took from him his more direct and vigorous sense of design, simple, positive and strong. Neither of them ever stopped making pots qua pots, but with his spade and thistle forms, his flattened cylinders and odd conjunctions, Coper especially moved his work openly towards the condition of sculpture, with all the ambition and expectation that go with it. Miss Rie, though staying always so much more closely within the convention of the Pot, perhaps by her very acceptance of that convention, seems able so to transcend it that mere questions of function and practicality become quite irrelevant, drained of all meaning. To speak of Rie and Coper as potters, is accurate enough, but misleading, giving too narrow a view of two remarkable artists.

Another current double show is at Riverside Studios Hammersmith (until August 12) where Nancy Spero occupies the walls of the foyer and Evelyn Williams the main gallery. Miss Spero is an American artist who takes as her subject the central feminist preoccupation with what it really is to be a woman, the status of woman as a creature entirely distinct from man, and her conditioning and suffering at his hands. Well, it is all very interesting, but it is never the worthiness of the content that makes a work of art, or it would be the road to Parnassus that was paved with good intentions. She treats of her ideas in archetypal terms, using texts to propose the masculine side of her argument and informing them by a kind of dance of elemental figures, elegantly crude, as they might by ritual or magical inscriptions upon the wall of the cave. These images are rather beautiful and even haunting in an oddly fleeting and atavistic way, and certainly very sophisticated. But they might be shown to better advantage than as here, with wide strip upon strip of paper to cover the wall—though needs must, of course. They would be better read severally, handled, gradually unrolled, their images and arguments discovered as in a scroll.

Evelyn Williams also deals in archetypes, but hers are born of the cosmic angst not of her sex alone but of humanity at large. The imagery in these latest drawings and reliefs is powerfully stated, darkly chiaroscuro, fraught with the symbolism and description of death, judgment and perdition. It is deeply religious in its very general way and rather morbid in its view of the human condition, but carried through nonetheless with remarkable vigour, confidence and wit. Her antecedents in recent art are more general than specific — Barlach, Kollwitz perhaps, and middle European expressionism; but really her work takes us much further back, to that older Expressionist strain in the Northern imagination, the Gothic art of the later middle ages.

It is less the sculpture of tomb or cathedral front than the gleeful or more intimate macabre of misericord, gargoyle and reliquary that has moved her; but her work remains quite her own for all that, and no mere exercise in study. The drawings are for the moment the truest work, complete and satisfying in themselves and entirely resolved. The painted reliefs are less certain, still rather awkward as though the means have yet to accord absolutely with the intention; but they are impressive works even so, and register an authentic and powerful presence. More impressive, however, is the evidence in the work that a mature artist is moving on strongly, and taking risks. She showed a while ago at Jenny Stein's much-missed House Gallery, and clearly she will continue to require regular attention.

To end, here are some recommendations, unregretful I am afraid for want of space. The show at Nicola Jacobs of Picasso's Ceramics (until August 11) affords a rare chance to see a representative group of works that marks a minor diversion in that astonishing career, but a serious engagement none the less. The work that came out of it was enough to have won any lesser artist a major reputation.

Trevor Humphries

"Tripot" by Hans Coper, c 1958

Nearby at the Piccadilly (until July 27), Rosie Lee's new paintings constitute the best show she has had to date, beautifully worked and quietly ambiguous still-lifes, sombre and somewhat melancholy arrangements of boxes, pots, jars and beetles, natural and personal trophies, private and unexplained.

The Monoprint Show at Angela Flowers in Tottenham Mews (until August 11) offers us what really are Original Prints, that is to say works that only exist in the single and unrepeatable impression. The point is still stretched, even here—the unique print with negative or plate destroyed, perhaps; and there are two exquisite polaroids still-lifes by Adrian Flowers. But best are the truest monoprints of all, the paint or ink direct on the plate—three mask-like faces by Amanda Faulkner, Oliver Bevan's Smithfield, and three free, for him, self portraits by Tom Phillips.

And I should like to tell you about my "One Pair Of Eyes" that I have chosen for Michael Parkin in Motcomb Street (until September 9) which. . .

Mozart at Drottningholm

David Murray hears opera in 18th century Stockholm

Drottningholm Palace is only a half hour's drive from Stockholm, but while the northern summer lasts the way to go there is by boat. From the City Hall quay the steamboat chugs calmly westward, leaving behind first the stately buildings of the capital and then the tower blocks that line the suburban banks, until there are only summer cottages punctuating the spruce forests. All this corner of Sweden is a vast archipelago; the boat tacks back and forth across the waterways, collecting passengers from one tiny jetty after another. At last the Rococo palace slides into view: rolling lawns, gracious gardens, statuary down to the water's edge.

The Drottningholm Court Theatre is more than two centuries old, restored 60 years ago after long neglect. The antique stage machinery all works again, and dozens of 18th-century sets are ready to be dropped and slotted into place. The orchestra has to be small. Altogether this is the ideal home for period opera with "authentic instruments," which is the passion of Arnold Östman. This summer has already brought Rossini's *Cenerentola*, as well as a Holberg comedy with music and our West End *School for Scandal* (on a British Council tour), with a Cimarosa/Benda double-bill and the *Arbore di Diana* of Martin y Soler yet to come; but the Östman *pièce de résistance* was Mozart's *Così fan tutte*.

Seven of the 10 *Così* performances offered a young Swedish cast in Willy Decker's production; but three of the later ones boasted the international cast (including two distinguished Swedish singers) who are about to record the opera with Östman for Decca. I saw only the more famous crew upon whom (colleagues assured me) Decker's intentions had scarcely rubbed off in their short rehearsal-time. There was different business, and a different, distinctly improvisatory tone. In short, we had six polished singers doing their own things in a charming setting: all great fun, with gleeful scene-stealing growing more outrageous as the evening progressed.

The grandest larceny was committed by Alicia Nafé as Dorabella, who explored the absent lovers' Albanian drag intently throughout Despina's "Una donna di quindici anni." Georgine Resick made Despina a conventionally bright, sturdy know-all; Miss Nafé, an infinitely more unpredictable and volatile creature, sang with tremendous style and subtlety. Beside her Rachel Yakar's Fiordiligi was almost matronly. Though impeccably musical in her soft-edged way, her heroic "Come scoglio" seemed to emerge from another character; her "Per pietà," running the hazards of the "authentic" horns (who had found the Serenade a sore trial), sounded lovely but missed the ascent to Fiordiligi's desperate resolve.

Gösta Winbergh made a heftily effective Ferrando in splendid voice, he gave "Un aura amorosa" the full Romantic treatment. The Guglielmo was Tom Krause, who might more naturally have served as Don Alfonso with his dark, mature authority—but the pungent insights into the music revealed in his vocal line brooked no argument. His wounded cry of "Un contratto matrimoniale!" had the epic despair of Wagner's Amfortas, poignant and ludicrous. And in fact Carlos Feller's Alfonso was unimprovable: a ripely seasoned creation, easy, gentle and funny.

Tobias Hoheisel's costumes weren't overdone, but the coy excitement of the chorus supernumeraries — treated as if they were all in on the joke — probably was. Östman conducted briskly (except where a singer had evidently insisted that he shouldn't), with obvious knowledge and devotion, and some interesting tics like a habit of accelerating final sections of arias: not customary, but who's to say it's wrong? The ensembles were lively, though never tidy, and the Act 1 finale accumulated plenty of electricity.

In the rich orchestral writing of *Così fan tutte*, the effect of the old-style winds was confusing. The sustaining oboes and the bassoons, both reedy and watery, lent the whole sound a special tint. The wooden flutes were very mild; sometimes their bland timbre brought a musical joke nicely to life, often one missed the pointed brightness that belongs to modern flutes. Mozart claimed, in a famous letter to his father, to detest the flute; he might well have liked modern ones better.

The good little body of strings represented a variety of opinions about period vibrato, or the lack of it, but in any case represented no special challenge to present-day ways — *en masse*, old and new strings are not so very different. With just two cellos and one bass, the most complex harmonies occasionally seemed pallid; the haunted shadows that fall in the trio "Soave il vento," for example, were scarcely felt. What Mozart actually had needn't have been what he wanted.

Ornamentation of course followed the current established canons, to the general enhancement of musical grace. But *must* "Come scoglio" ("Like a rock") have the strong repeated notes of its opening phrase softened by a semitone rise? In context the literal notes are not to my ear ungrammatical, but highly apt, and I missed them. If they were what Mozart wanted, it seems that he could have told his soprano so, but couldn't have had any way of warning our modern experts.

Book Review/Michael Coveney

Arthur Miller's travel in China

Salesman in Beijing by Arthur Miller. Methuen, £9.95. 254 pages.

"One in four human beings is Chinese." With this stunningly ordinary but precise observation does Arthur Miller open his account of a visit last year to the People's Theatre of Beijing to direct his own play *Death of a Salesman*. The book—although it still gives me no idea of where Beijing actually is—is a fascinating diary, written in breaks between rehearsals, cycle trips around the city with his photographer wife and social engagements with American diplomats and Beijing literati.

Miller makes no bones about being feted, nor about recording how important this production will be for his hosts. He is not, in short, one of your wilting violets. Nor, it is fair to add, was *Death of a Salesman* ever included on the Gang of Four's list of Eight Permissible Plays. Miller sees the whole exercise as potential affirmation of his soggy belief that we are really all the same under the sun and under the skin.

Pages of stuff recorded by the observant tourist are less fascinating than Miller's endeavour to view this experience in the light of the post-Cultural Revolution thaw. He is alive to the irony of performing, in a Socialist country, the ultimate dramatic tragedy of the American Dream of self-improvement. Willy Loman is a postwar American phenomenon, the salesman as a vital force in the construction of a trade and commercial network in the bright new land of opportunity.

Miller ruminates upon the play, its past productions, the performances of Lee J. Cobb and Paul Muni. The best passages hang in a reverberative no-man's land between the cultures, as when you sit bolt upright at Miller's suggestion that Huey Long was the first American Cultural Revolutionary. Long, he wryly remarks, preached egalitarianism and got rich at the same time. Miller is startled to learn that a trader or salesman in China occupies the very lowest Confucian category of worth, and moves from reflections on the strange overlaying of Confucian thought with Marxist ideology to a creative use of sudden discovery.

The production, of course, turns out to be the most tremendous success, despite Miller's fears that the public might be deterred from attending because of a diplomatic incident over a tennis player. Miller is overtly critical of President Reagan on this matter.

Tennessee Williams's supremacy as America's leading mid-to-late twentieth century dramatist is still to be challenged by Sam Shepard and, who knows, by Miller himself.

Arthur Miller

Enter Toronto, starting at the top

Antony Thorncroft visits an arts festival in Toronto in which ambition was mainly fulfilled.

Toronto must be one of the most successful metropolises of recent years, a city which has grown in numbers and complexity without yet showing any of the strains of urban living. To put a seal on its maturity and to celebrate its 150th anniversary, the city gave itself an international arts festival in June.

It was a mammoth undertaking. It took three years to organise and cost C$9.2m, more than twice the budget of the Edinburgh Festival. This being Canada and an open, questioning society, the cost of the venture has been criticised in the local press and the organisers, led by Muriel Sherrin, a former artistic director of the Stratford (Ontario) Festival, have been equally frank about their expenses.

Of the C$9.2m the bulk, C$6.2m, went to artists expenses, with C$1.6m going on marketing and a similar sum on administration. On the revenue side, subsidy, from all layers of Government, contributed C$3.9m; the box office was expected to bring in C$3m and private sponsorship C$1.6m. The gap would ideally be filled by merchandising.

There will almost certainly be a loss, mainly because sponsors have not rallied around as hoped (although Texaco, which supported the visit by the Metropolitan Opera of New York and spent C$500,000 in a week and American Express are honourable exceptions). But Muriel Sherrin and the City Fathers, can content themselves with the fact that whatever the financial outcome, Toronto became the temporary arts capital of the world.

And this brings problems as well as kudos. Toronto is discovering that arts jamborees attract a great deal of flak and are open to criticism on two counts—one, by concentrating so much arts activity into a limited period there is oversupply, and, inevitably, the local companies, who can be seen throughout the year, suffer from the overseas competition if they are included in the festival. And, two, by the inevitable attention paid to the event by media with limited knowledge of the arts who judge the occasion by audience size rather than by artistic excellence.

By any objective standards Toronto was a great success. It really should surprise no one that the Canadian Opera Company, based in Toronto, appearing late in the festival and presenting such a box office problem as Britten's *Death in Venice* should get poor bookings of well under 50 per cent and need promotional help to sell tickets. It would be the same story anywhere in the Western World. Indeed it was unavoidable after the presentation of six different operas by the Met earlier in the month: a limited audience can only afford so much.

But if a surfeit of the arts can be understood, the gap between audience size and artistic achievement is harder to bridge. The National Ballet of Canada performed *Onegin*, its first new major work in two years, six times to audiences on average of below 50 per cent. This was sad, for it was a most impressive production, especially with Marcia Haydee, who created the role of Tatania in John Cranko's original Stuttgart production, matched with Reid Anderson, a Canadian nurtured in the German company as Onegin. With $100,000 from Imperial Oil to guarantee sets which for once deserved applause this was a most cheering introduction to the arts in Canada.

But the problem with every festival is that too much is on offer. Muriel Sherrin was determined to get the best from throughout the world, which demanded some much criticised travelling. At one time drama was on the schedula but this clashed with an unrealised theatre festival in Toronto.

So there was an abundance of dance. The Dance Theatre of Harlem was an undoubted hit, despite the fact that they performed to soul-less recorded music.

To an ingenue they offered freshness more than subtlety; popular athleticism rather than sophistication. If the mix between the classics and more ethnic works is a speciality of the company it is a speciality which dissipates their classical skills. The company fulfilled itself more impressively when it held an introductory class in dance skating through the history of ballet in five minutes but stressing the hard work and athleticism which produce a dancer.

Like many dynamic cities Toronto seems suspicious of its own talents, particularly in the arts, which have yet to embrace a wide audience. Its excellent Symphony Orchestra, well received in Europe last year, had to fight against a reticent audience when it performed Belioz "Romeo and Juliet" in the Roy Thomson Hall, a dauntingly luxurious auditorium which seems to need warmth to kindla it into life.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Opera and Ballet

July 20–26

WEST GERMANY

Stuttgart, Württembergische Staatsoper: Der widerspenstigen Zähmung to music by Scarlatti, choreographed by John Cranko (Thurs, Fri).

Munich, Bayerische Staatsoper: Munich's annual opera festival, from July 4 to 31. The fourth week of performances opens with Wagner's early Rienzi with Cheril Studer and René Kollo. Der Rosenkavalier has Judith Beckmann, Brigitte Fassbänder (famous for her rendition of Octavian), and Barbara Bonney as Sophie. Arabella has Strauss specialists Marjana Lipovsek, Lucia Popp and Alfred Kuhn. Francesco Cilea's Adriana Lecouvreur is worth a visit with Margaret Price and Neil Shicoff. Le Nozze di Figaro is of respectable standard with Dolores Ziegler, Lucia Popp, and Hermann Prey.

ITALY

Rome: *Terme di Caracalla (Teatro dell'Opera Company)* Tosca conducted by Silvio Varviso with Sylvia Sass (Tosca) Giuseppe Giacomini (Cavaradossi) and Juan Pons (Scarpia) (essential to have seats near the stage – the space is huge and acoustics not good); Also Raymonda with choreography by Maia Plissetskaia (461755): Cortile del Collegio Romano: Marriage of Figaro with the Rome Festival Orchestra conducted by Fritz Maraffi (34528450).

Verona: Arena di Verona: Tosca: A successful production conducted by Daniel Oren, with Shirley Verrett,

Lucia Popp

Giacomo Aragall as Cavaradossi *and Silvano Carroli as Scarpia.* Aida, conducted by Peter Maag: Lombardi, conducted by Maurizio Arena with Katia Ricciarelli and Veriano Luchetti. Also features Ruggiero Raimondi. (28151).

LONDON

Coliseum: Dance Theatre of Harlem each night, with two performances on Saturday. (8363161).

Royal Opera House, Covent Garden: The Royal Ballet has a new work by Michael Corder, with designs by Patrick Caulfield, as part of a triple bill. Manon, Romeo and The Sleeping Beauty are also in repertory. (2401066).

Dominion Theatre (Tottenham Court Road): Festival Ballet season opens with Onegin, with Marcia Haydee and Richard Cragun showing how it should be done on opening night. (5809562).

PARIS

Paris Opéra: Tannhäuser, Werther and a Stravinsky evening are in the repertory this week (7425750).

Opéra Comique-Salle Favart: Manon and a Stockhausen evening alternate this week. (2960611).

NEW YORK

New York City Opera (New York State Theater): The company's 40th season completes its week of performances of Candide, and continues with La Traviata, redirected by Frank Corsaro, conducted by Klaus Weise with Marianna Christos singing Violetta and Robert Grayson singing Alfredo. Lincoln Center (8705570).

WASHINGTON

A Quiet Place/Trouble in Tahiti (Opera House): This full-length opera by Leonard Bernstein with libretto by Stephen Wadsworth takes Bernstein's 1952 Trouble in Tahiti, with its jazz-flavoured score, and adds 30 years' reflections on the darkening shadows over American suburbia. Ends July 28. Kennedy Center (2543770).

Roland Petit/Milan

Freda Pitt

After the second episode from Stockhausen's *Licht* and a new work by Maurice Béjart for his Ballet du XXe. Siècle (appropriately, *Dionysos*), the Palazzo dello Sport in Milan housed a further Scala programme at the end of June, this time a ballet for its own company. Having no home choreographer, the management called in Roland Petit, whose company, the Ballet National de Marseille, was presenting two programmes at the Rome Opera at the same time as the new work, *The Mnrriaga of Heaven and Hell*, was being performed in Milan. His dancers are frequent visitors to Italy, to which Petit will return in September, with a new ballet for the Teatro La Fenice in Venice.

Petit has frequently used narrative literary works as the basis for his ballets. His latest ballet has no story, however, and is only very loosely based on William Blake's anti-Swedenborg squib, *The Mnrriage of Heoven and Hell.* In this section of his prophetic writings, Blake comes down truculently in favour of Hell ("The road of excess leads to the palace of wisdom" and "Evil is the active springing from Energy," for example). Petit follows his lead by giving Hell the lion's share, red smoke proceeding from the nether regions being much in evidence in the ballet.

Neither of the two named principal characters would seem an obvious candidate for the "heavenly" side of the union, and indeed they *both make their exit by descent*, Pier Paolo Pasolini being caught up in a sort of fabric and James Dean disappearing through a trapdoor. Rather than representations of real persons, they are symbols of the "damned" of two different generations and cultures, Pasolini being considered in terms of his films and private life more than as a poet. Paolo Bortoluzzi does not resemble him in the least, but he gave an intelligent and sensitive performance. Jean-Pierre Aviotte, on the other hand, possesses a superficial likeness to the American star: *this is* skilfully exploited. He gave an impressively explosive account of his one big solo which provided one of the choreographic highlights.

Nearly all the fireworks were allotted to the men – Bortoluzzi and Aviotte, Bruno Vescovo as a tyrannical ballet-master and Luigi Bonino (like Aviotte, from Petit's company) as Folly. At the end of his long solo, with its leaps and turns and off-balance challenges, he was met by another man with ballet slippers, whose gestures and smile seemed to indicate that to be mad and dance represents the key to happiness. Blake might have been disconcerted.

Some of the episodes tail off rather weakly; there is a tendency – recurrent in Petit – to treat the *corps* as automata; the loud and violent, but savourless, accompaniment by Gérard Hourbette and Thierry Zaboitzeff, played on stage by the French rock group Art Zeyd, gave the choreographer little support; and Luigi Benedetti's costumes were too obviously run up on the cheap (there was no scenery). Nevertheless, the work hearteningly showed that Petit is still experimenting, and not just repeating well-tried formulas. Despite this, the best choreography of all came in the lyrical neoclassical pas de deux for two creatures of light, Anna Razzi and Marco Pierin. Razzi has never danced so well, so fluently above all: Petit is a harsh taskmaster, but he obtains results.

By far the most satisfying of the three Petit ballets on show that week was the revised version of the *Soirée Débussy. Fêtes*, which was lacking in subtlety and unworthy of the rest, has now gone, whereas Petit has added the two missing movements of *La Mer.* This enhances the musicality of the work and rounds it off more neatly. Dominique Khalfouni, Denys Ganio and Jean-Charles Gil led the excellent cast. Gil's remarkable Frollo – remarkable in technique and in dramatic intensity – supplied the saving grace in *Notre-Dame de Paris* in Rome. Unfortunately, he was on the injured list when the company was at the Teatro Petruzzelli in Bari earlier in the month. No one can quite replace him.

That Petit, like all choreographers worthy of the name, succeeds in revealing gifts that the dancers themselves hardly suspect, was demonstrated not only by Anna Razzi in Milan but also at the Spoleto Festival in July, when Luciana Savignano, the Scala's Béjart specialist, appeared with two of the Marseille dancers, Bonino and Thierry Le Floch, in a Pink Floyd *Divertissement.* It was no surprise in the new ballet in Milan to find Savignano impersonating a Death figure called the Woman in Black, but at Spoleto she smiled and looked relaxed almost throughout the gruelling acrobatics. A smiling Savignano is a revelation; may this new vein be developed.

FINANCIAL TIMES
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Telegrams: Finantimo, London PS4. Telex: 8954871
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Tuesday July 24 1984

The Mondale challenge

MR WALTER MONDALE, in accepting the Democratic Party's presidential nomination in San Francisco last week, engagingly admitted that in 1980 Mr Ronald Reagan had "beaten the pants" off the Democrats. It would be good for America and for the West if such a one-sided contest were not to be repeated.

Everyone directly and indirectly concerned stands to gain if Americans grapple seriously with the great issues confronting them, and especially with those which govern their relationship to the rest of the world. The chief of these are quickly rehearsed: defence and arms control; trade policy; the dollar exchange rate and the intimately related matter of fiscal policy.

Perhaps even more important, there is the question of how America sees itself and its relationship with its allies. After the muddle and humiliations of the Carter presidency, America turned to Mr Reagan because he promised clarity of purpose and the restoration of American strength.

As President, Mr Reagan has achieved much of what he promised. There is a new sense of purpose in America, made palpable by the strong economic recovery. Where the President has failed is in mending America's relations with the outside world after the indecision of the Carter years.

Budget deficit

The pursuit of a fiscal policy which through deficits and the resulting high interest rates threatened both the solvency of developing states and the economic recovery of European industrialised nations is a case in point. Mr Mondale seized upon it in his acceptance speech. Budget deficits, he said, "hike interest rates, clobber exports, kill jobs."

True enough in the long run—though the U.S. has shown its ability to create new jobs replacing those lost in mature and declining industries. Moreover, behind the rhetoric of Mr Mondale's speech there is more than a hint—never explicit—of his recent flirtation with protectionism.

The papers of the Democratic convention contain the usual demand for fair treatment of American exports by other countries. On principle, the call is fully justified. It is also common ground between Democrats and Republicans—and it can cover a multitude of sins. All will depend on what the winner in November and the new Congress make of it. Recent experience in this field is not encouraging.

Mr Mondale's undertaking to re-open a dialogue with Moscow is much to be welcomed. It may, indeed, already have achieved some discernible success since President Reagan, in recent months, has made several efforts to soften his image as a man who would have no truck with the sinister powers in the Kremlin.

Even if the President should have been prompted by purely tactical motives, the change of emphasis is welcome and an example of the fruitful results that could flow from the Mondale challenge.

Mr Mondale's campaign for the nomination required him to put together once more the Rooseveltian alliance of blacks, southern whites, urban liberals and industrial workers. It worked within the party, but in the context of national politics that old alliance may have outlived itself. The generally poor performance of the Democratic candidates in recent presidential elections points to that.

Correct balance

If Mr Mondale's sudden spurt in popularity is to be more than the flash in the pan of an isolated opinion poll, he will have to think not only of the alliance that he marshalled in the convention, but of the mood of America. There is no reason to suppose that the yearning for purposeful leadership and for the traditional virtues that swept Mr Reagan to the White House four years ago has run out of steam. But an evident reaction against the warlike rhetoric of Reaganism could give Mr Mondale his chance.

At San Francisco Mr Mondale did appear to be groping for a correct balance between the mood that put Mr Reagan into power and a more understanding approach to needs that Mr Reagan has neglected: those of the poor, the minorities, and those of the outside world, whether industrialised, developing, or even Communist.

If the campaign were to show that the American public would welcome such an adjustment of the balance, it would be all to the good. As Mr Reagan's adoption of a softer tone towards Moscow shows, such a shift would not necessarily require a change of presidents. Nor is the plea for adjusting the balance to be understood as a wish for a weaker America. The West needs a strong America, but one which applies its strength wisely.

UK building societies

THE Government's "green paper" on the future of the building societies offers them almost everything they were asking for in their most recent, slightly trimmed-down shopping list issued last February; the only wonder is that the Government has taken so long to reach almost exactly the same conclusions, and now allows so comparatively short a time for any dissent to be heard. Perhaps, though, little is expected. Where the consumers and the widely respected building societies speak with one voice, the competition will probably choose to hold its peace.

The Government's proposals fall broadly into two parts: to offer all the societies some scope for innovation within their traditional housing market, and to offer new housing services; and to allow the larger societies—the 56 which control 95 per cent of the movement's assets—to offer what approaches a full retail banking service.

Level terms

If the proposed banking innovations are quite bold, the housing section is cautious. This is as it should be, but the reasons given are not necessarily the right ones. The green paper shows a most proper concern for the security of depositors, and argues therefore that the societies should learn to walk in new fields before they are allowed to run. Thus only a tenth of their "commercial assets" can be deployed in any of the new forms of investment—indexed and equity mortgages, housing development and letting schemes, and the full range of proposed banking activities. Ninety per cent must still be devoted to traditional mortgages. Limits are also placed on their holdings of liquid and money-market assets.

The green paper offers prudential reasons for these limitations; and it is true that their exposure to any potential banking crisis would be limited under the rules. However, many phrases also suggest that the Government is anxious to prevent any funds being diverted out of the housing market. This is bad, inflationary reasoning, and comes oddly from the Treasury, since the Chancellor is known to favour reducing the fiscal privileges of owner-occupiers.

One objective of building society reform should be to ensure that the housing market has to compete for savings on level terms with other investment demands, and we would welcome a firm declaration from the Government that this is also its long-term aim, to be achieved as quickly as prudence permits. Failing this, the enhanced growth of the movement which these proposals should assist will tend to increase the proportion of savings channelled through the housing market. The availability of indexed and equity mortgages, as proposed, will only increase the upward pressure on prices, since borrowers will be able to finance larger sums.

Competition

It would be futile to expend too much shot on this particular distortion, of course, as long as the much bigger distortion implied by the tax allowance on mortgages remains politically inviolate; but it is also desirable that the big societies should not be unnecessarily cramped in developing the new activities which will become open to them. This amounts to a virtually full money transmission service, with an overdraft facility which neither the societies nor their customers are likely to find unduly restrictive. It will offer powerful competition to the clearing banks, which is entirely welcome, and should ensure better service all round for retail customers.

The Government is a little more cautious in its approach to the societies' wish to provide one-stop shopping in the housing market. It rightly sees a possibly conflict of interest if the societies could become house agents (the Bank of England seems to have been less sensitive when Lloyds Bank entered this business) and rightly argues that insurance underwriting is too risky. There is still plenty of room for a much better service.

General Jaruzelski (left) and Lech Walesa flank a Solidarity demonstration in Warsaw

Poland's political amnesty

Gen Jaruzelski takes a calculated gamble

By Christopher Bobinski in Warsaw and David Buchan in London

IN ONE month, Poland's jails will be empty of political prisoners for the first time since December 1981, when Solidarity was crushed by martial law as a legal independent trade union movement.

The amnesty approved by Parliament on Saturday gives Polish officials 30 days to free the country's 660 political prisoners and some 35,000 minor criminal offenders. When the officials finish the checking-out process, they will have freed Solidarity officials elected in 1981, underground Solidarity leaders caught since 1981, and the four leaders of the KOR workers' self-defence committee. No group gets higher billing as "counter-revolutionaries" in the Soviet bloc's official demonology than KOR, which preceded Solidarity.

But anyone wondering whether this means that peace and tranquillity have descended upon the Soviet bloc's second largest and most volatile member could do worse than take in a different perspective from the windows of Warsaw's most expensive Western-built hotel, the Victoria. A gunmetal-coloured fence across the road has cordoned one of the capital's most historic squares for the past two years. The pretext was necessary repaving; the reality was that Victory Square had become a Solidarity rallying point in the aftermath of martial law. The desolate square remains an apt methaphor for the void between Poland's rulers and its ruled.

Can General Jaruzelski's sweeping amnesty bridge the void, and lengthen the interval until the next of Poland's crises, which have occurred on a five to eight year cycle? One experienced party member thinks not.

"All that is needed," he remarks, "is for those people, who are old enough to remember the Solidarity era but did not take part in it to grow into adult life—then they'll want to have a go themselves."

But for the moment, General Jaruzelski has taken his calculated risk in sending the political prisoners home, weighing the obvious benefit to his image domestically and in the West against the equally obvious reservations on the part of Communist party hardliners inside and outside Poland. The latter argued strongly with the dominant pragmatists in the Jaruzelski leadership against freeing the KOR men, and for a time when the KOR leaders were briefly put on trial earlier this month, seemed to have carried the day. Nor will they be mollified by the dropping of economic mismanagement charges against former ministers of Mr Edward Gierek, since the 1970-80 Gierek era in Poland is much discredited in all eyes.

Leaders in some of Poland's orthodox allies like Czechoslovakia and East Germany may fret at what the General has done. But in Moscow, where it matters, President Konstantin Chernenko seems to have carried on his predecessor's policy of allowing Poland some political as well as economic leeway in sorting out its problems. His despatch of Mr Nikolai Tikhonov, the Soviet Prime Minister, to the amnesty ceremony said as much. In any case, while the Soviet Union is ever ready to block fundamental structural changes in Poland's political system, the freeing of 600 people who can always be locked up again is not the greatest of gambles.

The possibility that some or many of those now being released might soon be back behind bars is, of course, the fear of Solidarity supporters, and the Catholic Church. It also explains the initial cautious Western response to dropping sanctions. Next time, the fearful or cynical believe, arrests would be on minor charges, not entailing political protracted trials but carrying short, sharp sentences.

The Church in Poland, and the Polish Pope in Rome, have invested much in securing the amnesty, hoping that the sooner relations with the West are normalised the greater the chance of reversing Poland's slide into more dependence on the Eastern bloc. But there has to be a next step, the Church argues in line with Mr Lech Walesa, the top Solidarity leader. This should be establishment of some limited form of independent trade union representation. The reason is simple. Without some legal channel for the ambitious of Solidarity's unrepentant ex-prisoners, the jails may simply fill up again.

Does the still-extant Solidarity movement have the power to push General Jaruzelski into this further step? Probably not. Solidarity may have persuaded 40 per cent of the electorate to boycott last month's local government elections, with particularly low turn-outs in big cities like Warsaw, Krakow, Wroclaw and Katowice. But this is passive support and likely to become more quiescent after the amnesty. Thus, the authorities reckon they can continue to cold-shoulder Mr Walesa's call for trade union pluralism.

But the Government does not have all the cards stacked in its had. There is a "muddle-through" quality to Gen Jaruzelski's policies, which derives from his need to placate several disparate constituencies. On the one hand, there is the party and government bureaucracy who not so long ago saw their power snatched away by Solidarity and are resisting anything that could conceivably lead to that again. On the other, there is the counsel of the politicians closest to the General who realise that in the short term, tough measures may be necessary, but that the basic isolation of the authorities requires longer term, conciliatory measures.

This tension between ideologues and pragmatists in the government leads to differing policies towards differing areas of Polish society. The bureaucratic machine continues to grind on, wiping out islands of autonomy in, for instance, the universities or the defence attorneys association. By contrast, there is a policy of increasing, albeit very gingerly, the room for manoeuvre of the new trade unions, created in 1982 to replace Solidarity and now claiming 4.5m members or one-third of the workforce.

The authorities have no fear, and need have no fear, that the new unions will get out of band politically, even though some of the rank-and-file are inevitably ex-members of Solidarity which once numbered more than 10m members. But on such issues as wage rates, relations between ministries and enterprises on the one hand and the new unions on the other are less harmonious than many suppose.

The new unions are well aware that they need collective bargaining successes to persuade more people to join. The government, however, ripostes that the country cannot afford to pay its workforce more, when even after the improvements last year, national output was 21 per cent below that of 1978 and the standard of living 26 per cent below that of 1978.

This is where the West enters General Jaruzelski's calculations. As he said in his amnesty speech, Poland did not want to remain "an isolated island," ostracised politically by Western sanctions. The leader of a country like Poland, with a larger diaspora in the West than any other East European country, might be naturally saddened by the fact that, in line with agreed Nato policy after martial law, no Western ministers ever come to see him. There is some pleasure in Warsaw that Herr Hans-Dietrich Genscher, the West German Foreign Minister, and Mr Andreas Papandreou, the Greek Prime Minister, have let it be known they want to visit Poland soon to open a dialogue, as soon as Nato can agree to revise its sanctions.

But more than overt political approval, which can always be misconstrued by Moscow, what General Jaruzelski wants from the West is economic help. Poland has estimated that economic sanctions have cost it some $12-13bn, a figure based largely on the impact on its economy of the cut-off in Western government trade and food credits, but clearly much inflated by a failure to recognise that most of this credit would have dried up for "economic," not "political" reasons, anyway. Western treasuries could not have justified new credits to a country that, since 1981, has been unable to pay back its old debts. Thus, while Poland is still asking for new Western government credits, and will be asking for these again after this weekend's amnesty, these are unlikely to be forthcoming.

But the issue of Poland's application to join the International Monetary Fund, effectively blocked since martial law by the Reagan administration, is rather different. A majority of West European governments now feel that Poland has a perfect right to join the IMF (or rejoin since it was a founding member which withdrew in the early 1950s), that it is in the general Western interest to have Poland in a Western-oriented institution, and that all Western creditors would gain from any IMF supervision of the bankrupt Polish economy.

There is thus a possibility that the West Europeans might try to push the U.S. into letting Poland into the IMF, particularly after the amnesty.

However the Polish Government's tactics on official debt rescheduling—the one issue on which it is back in negotiation with all Western governments including the U.S.—are proving distinctly counter-productive.

Poland has so far refused to repay the U.S. any of its share ($36m) of the 1981 maturities which were not covered by the official debt rescheduling accord agreed before martial law. Nor has it paid the U.S. a cent on its accumulated interest dues ($118m) since then. Meanwhile, all other Western government creditors have at least received some money from Poland. Polish officials stand on the fact that the U.S. never got round to signing a bilateral rescheduling accord with Poland before martial law. True though that may be, and deeply stung though the Polish government may have been by the Reagan administration's sanctions and rhetoric against it, it is tactless to say the least, to discriminate on the debt issue against the one Western government holding up that IMF entry form.

There is, of course, a more basic question on which the Western government's response to General Jaruzelski's latest move will turn: is the amnesty for real, is there a new spirit of conciliation from the Polish government?

Last Saturday, army bands and detachments marched alongside Victory Square in a rousing ceremony to mark the country's 40th anniversary as a communist state. Anyone watching the ceremony on television, focussed on the tomb of the unknown soldier, could have been forgiven for failing to notice Victory Square's infamous fence—it was draped with army camouflage netting.

SHAPE OF WESTERN SANCTIONS

AFTER martial law, Nato countries agreed in January 1982 that they would freeze negotiations to reschedule Poland's official debt repayments on Poland's official debt (just over half its total $26bn indebtedness), end the issue of new government trade or commodity credit to Poland, and eschew any high level or ministerial visits to Warsaw.

Over and above these measures, the U.S. took its own unilateral steps: barring Polish trawlers from fishing in American waters, suspending flights to the U.S. by Lot, the Polish airline, effectively blocking Poland's application of November 1981 to join the International Monetary Fund, and later in response to the autumn 1982 law formally abolishing the Solidarity trade union, denying Polish exports to the U.S. most favoured national tariff treatment.

These sanctions have been partially eased in response to events in Poland. After the release in autumn 1983 of Mr Lech Walesa, the Solidarity leader, from solitary detention, the U.S. relaxed the ban on Polish fishing in U.S. waters and permitted Lot to make chartered, but not scheduled, flights to the U.S.

More important, the Reagan administration agreed early this year to go along with West European pressure to "de-couple" the debt rescheduling freeze from the other Nato-agreed sanctions. This rescheduling freeze was by then seen to have boomeranged on the Western governments, allowing the Poles not even to pay interest on their official debt and to use money which might have gone to Western governments to pay Western commercial banks.

Men and Matters

Over-drive at Henley's

David Wickins has strong views about how to sell cars, and as the man who built up British Car Auctions, he has a right to them. Nor has he ever been shy about expressing them. Hosting a lunch with his friend, Michael Ashcroft yesterday, he was characteristically strident—printably and otherwise—about the performance of Henly's, for which the pair, through an investment company, are bidding.

Five hours a week, he said, would be enough for him to turn the garage group around. (The present management believes it is doing so already.)

Wickins looks forward to the day when cars are sold in hypermarkets where buyers can view a full range. "I want Tesco's to sell cars," he says. Such marts would have slimmed-down service bays because, he says, the cars of the future won't need servicing until after the first 30,000 miles.

Some car owners may find such faith in manufacturers touching. If the Ashcroft/Wickins combine succeeds in buying Hendly's, a leading BL dealer, the faith of Henly's salesmen will be damaged unless he leaves his current car at home. It's a Toyota Supra. Wickins, as always, has an explanation: he is also chairman of Group Lotus, and Toyota is playing a key role in the development of its new model.

Home economics

Two economists — a body of people not known for their work in the more down-to-earth world of mechanical engineering — are in the forefront of British efforts to develop a new breed of robots for the home.

The living rooms of the avant garde will seem bare, so the advocates of these devices believe, without a robot that trundles around serving drinks or fetching slippers.

Slightly more seriously, the machines could clean the floor or act as domestic sentries, warning of intruders (see today's Technology Page).

"Your father is upset that he wasn't considered important enough to be on the list of possible MI5 moles"

Reekie Research and Universal Machine Intelligence, both of which plan to introduce home robots over the next few months, are each run by men who started their careers as economists.

John Reekie, aged 51, the boss of Reekie Research in Twickenham, took a degree in economics and then worked for Touche Remnant, the City investment trust. He left to become a lecturer in accountancy at Kingston Polytechnic, finally taking up a career as an inventor in the early 1970s.

Reekie admits to no more formal training in engineering than a youthful interest in Meccano. "I was the kind of small boy who spends all his time mending clocks."

Geoffrey Henny, of Universal, studied economics at the University of California and worked for a while at the U.S. State Department, arranging trips around America for African diplomats. He then ran aid programmes in Bangladesh and was a technical consultant in Saudi Arabia before settling in south London to set up his robots company.

Both men found their economics background useful when it came to finding cash to support their projects. Reekie managed to interest the Prudential in backing Colne Robotics (another home-robot venture in which he has a stake) while Henny has obtained £200,000 from Newmarket, a venture-capital company in the City.

Screened

If Granada wants to plug a major copyright loophole it might find help from an unlikely source—South Africa's board of censors. Granada regularly prohibits the sale of its programmes in South Africa—which is a boon to video distributors doing their best to satisfy demand from viewers who are bored stiff by the anodyne offerings of the state-run television service.

"Jewel in the Crown," the series which delighted British viewers earlier this year, is at present one of the most popular video rental properties in Johannesburg and Cape Town. But while video distributors are perfectly prepared to distribute the pirated "Jewel," they are certainly not prepared to incur the wrath of the moral watchdogs on the censorship board. Each and every pirated programme is submitted to the board for approval and tapes all carry the board's certificate.

The board's problem is simple—while it is busy protecting the nation's sexual morals it has no time to consider the lack of morality involved in the theft of copyright material.

Touch mark

Another big hand for Sir George Jefferson. British Telecom has won this year's Golden Glove award from the Worshipful Company of Glovers of London.

No jokes, please, about BT being all fingers and thumbs; no flattery of Jefferson's delicate handling of relations with the Government.

The Master Glovers do not award the gold leather replica of their gauntlet (mounted on a black background and framed in gold) for such reasons. It is given, quite simply, to the organisation or individual "whose actions, influence or policies have benefited the UK glove manufacturing industry."

British Telecom's director of materials, Keith Argent, gets the award at a City lunch today because BT uses, on average, some 450,000 pairs of industrial gloves a year.

"A wide range," says Argent, "including disposable plastic, heavy duty industrial and good quality leather driving gloves."

So far, British glove manufacturers have been able to meet BT's requirements on price, quality and service, he adds. And so long as that continues, he looks forward to working hand in glove with them.

Buttoned up

I am not surprised that Newsweek's latest poll found more support among U.S. voters for the Mondale-Ferraro ticket than for Reagan and Bush.

It was clear at last week's Democratic convention that the party was carefully extending its appeal to every minority interest. Hence the buttons worn by some delegates: "Don't nuke a gay whale, for Christ's sake."

Observer

BRITAIN'S LARGE CONSTRUCTION SITES

Suddenly, peace breaks out

By Mark Meredith, Scottish Correspondent

THE British engineering construction *industry*, a traditionally turbulent sector responsible for building power stations, refineries and steelworks, seems to be enjoying a period of most unusual tranquility.

Two projects in Scotland bear witness to the radically altered industrial relations picture. A major gas processing plant being built by Shell UK Exploration at Mossmoran in Fife will be completed on time and to budget, as will the adjoining Esso Chemical ethylene plant.

The two projects, together worth £700m, form the UK's largest construction site with 7,000 workers.

The new mood of calm has grown out of the 1981 national agreement for the engineering *construction industry. The* accord was prompted by worsening performance throughout the 1970s, when unions became involved in differential rates disputes, bonus pay rows and a spiral of claims and counter claims. "Everyday, everything was negotiable," says one oil company man.

Things were so bad that, according to a National Economic Development Office report, foreign investors began looking elsewhere rather than build plants in Britain. The number of large-scale projects dwindled. So did the UK workforce from 36,000 in 1976 to about 14,000 at present, with almost the same number unemployed.

At the root of the problems were the multiple works agreements between contractors and trade unions on each site. Workers at the Isle of Grain power station in Kent became well known in the 1970s for being three-and-a-half years late and nearly three times over budget on their contract. Industrial disputes accounted for about two years lost work.

In 1976 a Nedo report on the engineering construction performance compared Britain with other European countries and the U.S. and noted: "Longer project times, longer construction times, more man-hours expended on site—these are the symptoms of the UK engineering construction industry's problem." Studies showed only one or two hours were productive in a typical eight-hour day.

The problem did not lie solely with the unions. Managements' record was far from inspiring: late deliveries of supplies, continual re-working of design drawings and a general acquiescence with under-the-table payments to get the job done.

Roger Taylor

Esso Chemicals' Mossmorran site

So Mossmorran should be seen as a considerable achievement for construction industry relations. Part of a vast £1.5bn project of pipelines plant and terminals, it forms the end of a system to process the gases produced in a cluster of oil fields north-east of Shetland.

Shell UK Exploration and Production, which is building the gas separator plant for Shell UK and Esso Petroleum, is due to complete the £400m plant and terminal on the Firth of Forth later this year. The project involves 19 contractors and six trade unions. A total of 1.28 per cent of the 9.2m man hours expended have been lost through disputes.

At the £300m Esso Chemical project next door, which is 70 per cent complete, less than 1 per cent of man hours has been lost through disputes.

The industry had reckoned on losses of about 5 per cent on projects before the conclusion of the national agreement—not to mention extensive cost overruns. More than 10 other projects completed under the agreement have shown similar results—averaging about 1 per cent in man hours lost and most of them being finished close to budget and on time. They include several power stations, the Lindsey oil refinery at Killingholm and Roche products vitamin C plant at Dalry.

Thirteen other large-scale projects now underway include the South of Scotland Electricity Board's nuclear power station at Torness, the British gas terminal at Easington, a Shell refinery development at Stanlow and the development of a hot strip mill at Port Talbot.

The national agreement, signed in September 1981 after some 10 years of negotiation, has helped to clear the air

The agreement set up a national joint council, with 50/50 employer and union representation. It is the supreme body for industrial relations, ruling on the application of the national agreement, deciding on wages and conditions, and acting as *final forum for disputes*.

It also oversees any supplementary agrements, such as bonuses or overtime provisions for particular sites. The *importance of this* is that it was the bonus payments system which in the past led to most site disputes.

The cost of the national accord has been a lower level of income for the workforce—now without a high level of bonus payments. Most are earning about what they did four years ago.

Bonus, or "second-tier" payments are now about one third of the basic rate for a skilled worker (£3.30 an hour) whereas before the agreement, this figure could be as *high* as four to five times the basic level.

The agreement has also taken control away from the shopfloor. Full-time national and regional union officials oversee their part of the agreement and can easily over-rule the local initiatives and powers of shop stewards who were often seen as the source of past difficulties and claims. "These guys just ran rampant at times on these sites," said one union official. "They often wanted to make a name for themselves with claims which ruined things for everybody else."

Union officials say the accord has also brought improvements in management. "Poor procurement policy, late deliveries of raw materials and logistical hold-ups moving stuff around the site can no longer be blamed on the unions," one local official stated.

Campbell Fox, the industrial relations office for Ralph Parsons, the managing contractor on the gas separation plant, sees a key virtue in the simplicity of the agreement and its lack of dependence on outside institutions for settling disputes.

To Les Farmer, of the Lummus Corporation, the managing contractor at the Esso ethylene plant, the main advantage is the time not spent sorting out industrial disputes. "We have that much more time to concentrate on planning and less time spent on hassles."

The enforcement of the national agreement does not apply solely to the unions, but also contractors, who can be dismissed for, say, trying to buy their way out of a delay through under-the-table payments.

"Things had got out of control on projects like power stations," according to Tom Garfitt of the oil and chemical plant constructors association. "The agreement gives much more predictability to projects."

"There is now much less of a feeling of 'them and us' on the sites," according to John Porter of the National Engineering Construction Employers Association.

Paul Hauff, industrial relations adviser for Shell UK Exploration and Production, feels that the change of attitude cannot fail to impress the foreign companies which once considered the UK a no-go area. "The track record for Mossmorran will help encourage any downstream investment *which* may come along," he says.

World Sugar Market

Why the sweet talking had to stop

By John Edwards, Commodities Editor

ALTHOUGH IT does not expire until the end of this year, time has already run out for the 1977 International sugar agreement, whose goal of stabilising world sugar prices was abandoned in Geneva earlier this month.

Delegates left Geneva talking of the possibility of a further meeting later this year, but no-one in the sugar business is hopeful. In the sugar market, war, war long since took over from jaw, jaw, with the result that spot prices in the New York market are at their lowest level since 1971—just above 4.5 cents a pound. The London price, at £89.50 a tonne on Friday was the lowest since October 1982, having been protected from a steeper slide by the weakness of sterling, which helped push it back to £91 yesterday.

Since the 1977 agreement was intended to keep world prices in a range of 13 to 23 cents a pound, the scale of the failure to restrain supply to a glutted market can hardly be overstated.

World stocks at the end of 1983-84 are estimated at 35m tonnes, leaving a huge surplus overhanging the market, even though the 1983-84 harvest at 95.6m tonnes was reduced by drought. This year, crop prospects look more promising, suggesting that stocks could rise even more and prices could weaken still further.

The most glaring weakness of the 1977 agreement is the fact that it did not include the EEC, which in recent years has emerged as by far the biggest exporter of sugar—some 4.5m tonnes a year—to the free world market. That itself represents rather less than a quarter of total annual world sugar production of about 100m tonnes a year.

Most of the world's sugar that is not consumed in producing countries is sold in special trade deals, such as the agreement between Cuba, the leading world exporter, and the Comecon countries, under which Cuba receives oil and tractors in return for its sugar.

EEC resistance to joining the 1977 sugar agreement, led by France, was based upon a desire to use the world sugar market as a means of avoiding the construction of Common Market sugar mountains. It did, however, appear that the EEC was genuinely prepared to negotiate in Geneva.

Faced with increasingly strong protests from other sugar producers, such as Brazil, Australia and Cuba—the EEC proposed to replace the over-generous quotas of the 1977 agreement with a system of so-called "reference export availabilities" (REAs), based on trigger prices. In other words, major exporters would agree to stockpile surplus supplies if market prices *fell too* low.

Other leading exporting countries agreed to the idea in the principle, recognising that any agreement without the EEC would be bound to fail. But when the UN conference on trade and development (Unctad) called the first negotiating conference last year, there were big differences among the exporters about the allocation of REAs.

Geneva was the third attempt to resolve them, but Australia and Cuba held out for a tough line, stung apparently by what they saw as a "take it or leave it" approach by the EEC. Brussels, for its part, says it offered to compromise by reducing its own REA from 5.4m tonnes to 4.9m—but refused to budge on its insistence that it keep the same REA for the entire life of the proposed five-*year agreement*.

Traditional cane sugar producers such as Cuba, Brazil and Australia feel that the EEC should cut back further, having encouraged its beet producers with artificially high prices, much as it has done in other agricultural products. At present, as C. Czarnikow points out in its latest report, the Com*mission is paying* "the equivalent of an astonishing £273.81 per tonne as an export rebate to sell sugar on the world market at about £113 a tonne.

This is part of a vicious circle, since as the Community dumps more and more sugar into the world market, it further depresses the price, increasing the *level of subsidy needed to* compensate exporters for the gap between EEC support prices and the world price.

The situation, however, is not as bad as it seems for developing world producers. Under their Lome Convention deal with the EEC, the already over-supplied Community imports 1.4m tonnes of raw sugar a year from the African, Caribbean and Pacific countries, mainly former members of the Commonwealth Sugar Agreement such as Jamaica, Mauritius and Fiji. *The Price paid* is based on the EEC internal support price and is the equivalent of around 17 cents a pound.

Exporters, in this case including Australia as well as developing countries, also get a special deal in the U.S., where 30 exporting sugar producers are allocated quotas to sell sugar at the Government-administered *support price of over 20 cents a* pound—a price also designed to protect domestic growers.

According to Mr Simon Harris, group economist at S. and W. Berisford, which owns British Sugar, this complicated web of special deals explains the lack of political will to achieve a settlement in Geneva. "Smaller exporters are protected by special trade deals, while the bigger exporters are not dependent on sugar and are more interested in other issues," he says.

However, current prices do not even cover the production costs of sugar in most countries. Even low cost producers such as Australia and Brazil cannot produce sugar for less than 12 cents a pound—nearly three times the going world price.

The underlying problem in the main importing countries—the U.S., Canada and Japan—is that demand has fallen sharply because of strong competition from alternative sweeteners.

In the U.S., it is estimated that sugar itself now accounts for just over 50 per cent of the total sweeteners markets, compared with 80 per cent a decade ago.

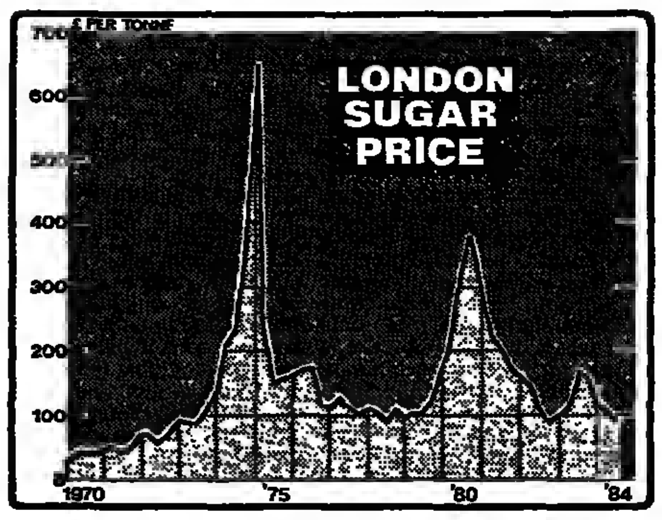
The main fall has been in retail sales — industrial use has increased slightly. High intensity sweeteners such as aspartame, 200 times sweeter than sugar — offer potent new challenges to sugar.

Overall world consumption has risen fairly modestly in recent years from 89.7m tonnes in 1978/79 to 96m tonnes in 1983/84. The biggest increase has come from the Middle East and India, especially India where the Government has restrained domestic sugar prices and demand has been boosted by increased prosperity.

"There is a structural mismatch in sugar," says the sugar analysts at London broker, E.D. and F. Man. "The industrialised countries can afford sugar, but they don't want it. Developing countries, where potential demand exists, simply lack the purchasing power. Even at 2 cents a pound, they may not have the foreign exchange available to buy sugar."

In the early 1970s, it was widely believed by market analysts that the sugar producers could count upon new industrial uses of sugar, such as the production of gasahol for cars, to mop up any excess supply. But only Brazil has developed sugar as the base for a transport fuel on any scale.

Faced with this analysis, the sugar producers have only one means of improving the economics of their business and that is to restrain supply. The message from Geneva is that they are unlikely to succeed. The only escape route from depressed world sugar prices seems to be a decision by the most hard-pressed sugar producers to switch to other crops.



Graham Lever

Letters to the Editor

Towards a settlement

From Mr E. Whiting

Sir,—Closure of collieries now seems to depend on whether it is beneficial to the industry or not. This is a strange new criterion, which seems nowhere to be defined. Economics has at least a few more intelligible terms such as optimum allocation of resources.

The invention of vague and unfamiliar terms such as "uneconomic" and "beneficial" can only make negotiations more difficult, like talking in two different languages without an interpreter.

The real problem seems to be nothing more than the optimum timing of closures. All pits become exhausted one day and an exercise has surely to be mounted in each case, when exhaustion can be reasonably foreseen, to assess when closure should take place in the light of past performance and future projections.

I would suggest there would be a review of the colliery profit and loss account over the past few years. Fixed and variable costs should be clearly separated, including area and head office cost allocations and charges. Most of the information for a future projection, such as the colliery reserves of unmined coal, the likely maintenance costs as the seams become more difficult to work, the energy market and the price of coal, seems to be already in the hands of the NCB.

The next step is to compute the costs of closure and compare it on a discounted cash flow basis with the projected cash flows (sales less variable costs) over the next few years assuming the colliery were still working. The fixed assets, except the land, presumably have no value at all: the use of the existing equipment in this exercise comes for nothing. If the net present value, say, after two years, of the closure project was negative, then, on the present information, the colliery should remain open.

The result would, of course, be sensitive to the selling price of coal, the estimated cost of continuing operations (including wage rates and manpower needed) and the rate of interest assumed for the discount factor (the lower the rate the worse would be the case for closure). The exercise would inevitably be complicated and there would be much room for argument about the assumptions.

Only an independent inquiry could examine and audit the existing colliery accounts, fairly appraise the assumptions about the future and arrive at a considered judgment. An inquiry into one colliery only would clarify the issues and would not take too much time. I would suggest using Cortonwood, which sparked off the strike, as the example. If the National Coal Board and the National Union of Mineworkers cannot agree, at least we shall know where the real sticking point is.

Edwin Whiting,
Manchester Business School,
Booth Street West,
Manchester.

Effects on industry

From the National Officer, Association of Scientific Technical and Managerial Staffs

Sir,—Much has been said about the effect of the coal dispute on the Central Electricity Generating Board and other sources of energy. Far less publicised has been the negative effect on the UK manufacturing industries.

In the past ten days, prominent companies (and their employees) in three major sectors, electronics, cables and mining equipment, have expressed to me their extreme anxiety about the impact on their trading prospects.

The Confederation of British Industry has remained unusually silent. One can only guess its motives.

Mrs Thatcher however, must be aware of the rapidly deteriorating situation in this wider context. If she is, what is she prepared to do to assist in settling the dispute?

Tim Webb,
79 Camden Road, NW1.

VAT bad for exports

From the President, Chromalloy AeroServices

Sir,—The Government may regard the new VAT payment requirements on imports as some small curb on imports, but does it realise the deleterious effects which the new system will have on exports? Those companies whose business and earnings derive from exporting goods which are temporarily imported into the UK are now being required to make payments to the Treasury which they may not retain under the existing VAT system. This requirement to deposit money with the Treasury is a direct increase in industrial costs. For our company the effect will be punitive.

Goods entering the country in a month may be valued at £170,000. These we repair for a price of £7,000. The cost to us of depositing VAT on the import value and waiting six weeks to recoup the money will be some 6 per cent of our selling price. If we use a bank guarantee this cost would reduce somewhat to approximately 3 per cent of our selling price. Do we increase our prices and become uncompetitive with the rest of the world, or hold our prices and become unprofitable?

Surely a system similar to Customs duty inward processing relief should be applied to VAT in this instance. Or, in suggesting this, have I merely indicated yet another area where the Treasury could reduce the country's export business?

D. G. Attwood,
*1, Linkmel Road,
Eastwood, Nottingham.*

The brunt of new technology

From Mr P. Sorgo

Sir,—Dr Martin Newby's study (July 16) of the impact of new technology on job losses in the mining industry parallels the evolution of job losses in many other industries as new technology is introduced. What is unusual, however, is the statement that "... in the long term it could make us dangerously dependent on *imported fuels from politically* unstable areas." I presume that Yorkshire and Scotland are placed alongside such politically unstable areas as the U.S.A., Poland, or Australia.

The spectre of an energy cartel has been waved at us by OPEC and oil. Its relative failure should by now convince us that while in the short run there may be some upsets from the operations of a cartel (offset by appropriate national stocks), in the long run the cartels will not be damaging. Dr Newby should therefore find some other *arguments* to place the miners in a special category, away from workers in other industries such as engineering, chemicals, steel, etc who have borne the brunt of modernisation via new technology.

P. M. Sorgo,
*Clos Rivoli, 6,
1410, Waterloo, Belgium.*

The environmental vote

From the County Planning Officer, Greater Manchester Council.

Sir,—It is ironic that the Government should think of using the DoE team at present organising the demise of the *metro* counties and other anti-local government legislation as the *basis* for co-ordinating activity on environmental matters, and wooing the "green" vote (Robin Pauley's report of July 17).

It will be viewed with bitterness here in Greater Manchester where the Government almost seems determined to undo much of the good work of the past 10 years. GMC has one of the largest land reclamation programmes in the country. Its teams of specialist skills have achieved major successes with environmental projects in the river valleys, the green belt, conservation and landscape work, and in balancing the different interests involved in mineral working and waste disposal. All this is to be disbanded in a pointless abolition of the metro county councils. This is very well understood by the environmental lobby which is fighting for our retention. The Government will be hard pressed to establish itself as protector of the environment with these bodies; it will be judged by its actions and not by its words.

D. J. Burns,
*County Hall,
Piccadilly Gardens,
Manchester.*

Freedom to manage

From the Chairman, Martin Paterson Associates

Sir,—It appears from Mr Fowler's latest personal pension proposals that the Government intends to make compulsory membership of an employer's occupational scheme illegal. It is therefore worth bearing in mind that it is the responsibility of management to decide what income provision is necessary to secure the orderly retirement of a company's employees, and how this should be funded. If it is considered that the present company scheme best serves that purpose, then the employer should not be prevented from allowing it to cover all his staff. On the face of it, therefore, the proposals in the consultative document just issued amount to interference with the employer's freedom to run his business properly.

It might of course be argued that he can still make future financial provision for employees who are not members of the scheme. But as the law stands at present there would be no tax relief on this. Perhaps such tax relief will be allowed. And if so, will this apply to their dependants as well? Alternatively, does Mr Fowler have in mind that scheme membership can be compulsory so long *as employees are not required* to contribute to it? It would be interesting to have clarification.

Martin Paterson,
*10, Buckingham Place,
SW1.*

FINANCIAL TIMES

Tuesday July 24 1984

The U.S. economy is accelerating, **Stewart Fleming** reports from Washington

Statistics tailor-made for Reagan

MR WALTER MONDALE, the Democratic Party's Presidential candidate, may be right in the judgment of the U.S. economy he offered to the party's convention in San Francisco last week. "We are living," he said, "on borrowed time."

Mr Mondale's hopes of convincing voters that President Ronald Reagan's economic policies are storing up disaster for the future do not look too bright in the light of the current performance of the U.S. economy, however.

Unless something goes badly wrong in the next four months – and the chances of that happening get thinner with every new economic statistic released – Mr Reagan will have succeeded in managing the economic cycle to perfection, so far as its contribution to his re-election campaign is concerned. He is poised to claim credit for what Mr Alan Sinai, chief economist at Shearson Lehman American Express, describes as "some of the best statistics on U.S. economic performance in the last 20 years."

Real economic growth is continuing much more rapidly than even the Reagan Administration predicted. Yesterday, the Commerce Department revised its initial estimate of gross national product in the second quarter from 5.7 per cent to 7.5 per cent. Economists such as Dr Henry Kaufman, of Salomon Brothers in New York, are forecasting third and fourth-quarter real growth in the 4 to 5 per cent range. According to blue-chip economic indicators, the consensus forecast for the year has risen to 6.5 per cent.

Unemployment has been dropping like a stone since it peaked at 10.8 per cent in December 1982, and in June had fallen to 7 per cent. Over the period more than 5m jobs have been created in the U.S.

Inflation, too, has also defied the forecasters by not rising as much as many economists expected. Indeed, some economists are warning that falling prices, particularly in certain commodity markets, should be a source of concern, not rejoicing, and might signal an impending recession in the world economy. They maintain that the Federal Reserve Board should ease monetary policy, a call that must be music to the ears of Reagan Administration campaign strategists, who see this year's sharp rise in interest rates as the biggest blot on the Administration's report card.

Tomorrow, a week after the Fed's monetary policymaking open market committee met in Washington, Mr Paul Volcker, the Fed chairman, is to present his twice-yearly report on monetary policy to Congress.

The preliminary judgment in the markets after the FOMC meeting is that the central bank decided against any immediate action to tighten monetary policy, although some officials remain concerned that the pace of economic upswing is potentially inflationary.

If that view of the outcome of last week's meeting is correct, it tends to confirm the judgment of those who argue that the central bank has limited room to tighten monetary policy, and who predict that Mr Volcker will tomorrow present a much more measured assessment of the economic outlook than in February. Then, he emphasised the dangers to the U.S. from huge budget deficits and dependence on foreign capital.

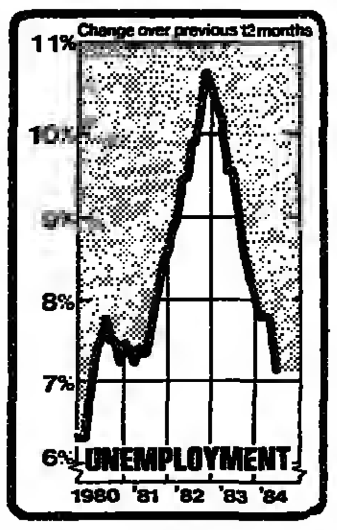
The biggest constraint on the central bank's freedom of action may be political. In recent years, the Fed has consistently been accused of adopting a monetary policy that has had too much influence on Congressional and Presidential elections. With the 1984 election campaign in full swing, the Fed will certainly want to avoid the headlines if possible.

The effect of this year's rise in interest rates on U.S. farmers and Third World debtors and on some European economies also suggests that the Fed needs compelling reasons for tightening monetary policy further. Significantly, the threat of inflation, normally the most compelling reason of all, is also not providing the central bank with the cast-iron case it needs in today's political climate to support a tougher credit policy.

Of all the economic data, this year's inflation figures have perhaps been the most remarkable. The last three months have seen no increase in wholesale prices, and consumer prices have been rising at an annual rate this year of about 4.3 per cent, little changed compared with the past 12 months.

Even more striking in recent months have been sharp falls in commodity prices such as gold, copper, lumber and grains. Commodity indices have been dropping. The Economist magazine's index has fallen 11 per cent in the past six months.

Economists such as Mr Alan Reynolds of the economics consulting firm Polyconomics say such declines in commodity and security prices might herald a new recession. They give warnings that such price declines erode the value of stocks, weakening the collateral against which banks have lent.



It is argued that such price declines show that inflationary expectations are moderating and that, because of the rising real interest rates stemming from falling prices, the risk of recession is increasing.

The contrary argument, and the one that has been governing the Fed's monetary policy, is that the cyclical upswing in the U.S., as it brings business closer to full capacity utilisation and the labour market to fuller employment, will lead to an acceleration in inflation, as in the past. Already some states are registering unemployment rates of under 5 per cent, although the national average is still 7 per cent.

The fact that inflation has not yet accelerated significantly, although the economy has been growing strongly, is attributed to a variety of special factors.

They include the depth of the last recession; the strength of the dollar, which is helping to hold down domestic prices; the absence of any inflationary "shock" such as a jump in oil prices; the weakness of food and energy prices; deregulation; and the moderate rate at which wages are rising.

In the first four months of this year, for example, average hourly earnings increased at an annual rate of only 3.4 per cent – less than the 3.9 per cent rise between the fourth quarter of 1982 and the fourth quarter of 1983, according to Data Resources.

Critics of the view that falling commodity prices are heralding a worldwide recession, such as Mr David Hale of Kemper Financial Services, point out that the strength of the economic upswing in the U.S. and recoveries in Japan and Europe point in the opposite direction.

The debate about the significance of the commodity price trends seems certain to be used by Republicans such as Congressman Jack Kemp to keep the pressure on the Fed not to push interest rates higher. The Fed, however, shows no sign yet of being forced off its strategy of "passive tightening" of credit – that is, of allowing market forces to push interest rates up.

It is that, with the evidence of considerable momentum in the economy and continuing strong credit demand, which leads most economists to predict that further rises in U.S. interest rates lie ahead. But many suspect that the biggest increases will not come until after the presidential election in November.

Editorial comment, Page 14

THE LEX COLUMN

Sugar for Brooke Bond's teacup

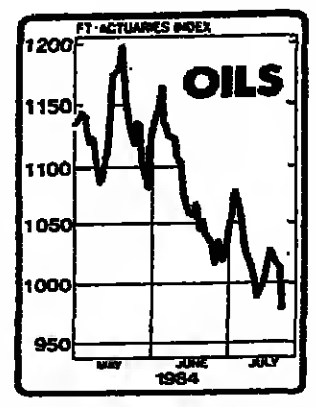
Tate & Lyle has been chasing after an acquisition for so long that the market had almost given up trying to identify possible quarries. The length of the hunt may in itself help to explain the generally lukewarm response to yesterday's news of a £300m bid for Brooke Bond. That company, after all, is such an obvious target that its selection at this stage may say less about the merits of buying Brooke Bond than about Tate's failure to come up with something more imaginative elsewhere.

That is perhaps being uncharitable to Tate. The group could not until recently have contemplated bidding for anything of Brooke Bond's size and it is difficult to envisage an alternative idea which would have been greeted with unalloyed joy in the market. An acquisition which took Tate further into commodity food products would have raised doubts about the long-term quality of earnings, while diversification would have drawn the comment that Tate's management was ill-equipped to cope.

By offering to buy Brooke Bond, Tate will admittedly attract criticism on both counts. The quality of BB's agricultural earnings is very poor and the quality of many of the associated assets even worse. At the moment, plantations are probably contributing over a third of group operating profits, but that almost certainly represents a cyclical peak. Tate has budgeted accordingly and is reckoning on a base figure for BB profits of around £50m pretax, rather than the £70m or more the group will produce for the year just ended. Tate hopes to reduce BB's equity participation in plantations but, as it knows from its own experience, that is a long and generally profitless strategy.

Meanwhile, the development and distribution of grocery products is a business which BB understands well and on which it makes very high returns, at least in the UK. While not even BB's most ardent admirers would claim the purchase of Mallinson Denny as a success, Tate's own chequered acquisition record and its relative inexperience of packaged groceries hardly qualify it to criticise.

On the present terms, the combined group would emerge with a debt/equity ratio in the mid-40s, while there would be little, if any, dilution of earnings. The cash outlay, moreover, could be reduced by £100m or more through the disposal of Mallinson and the Baxters butchers chain.



The Tate management has done an excellent job of rationalising its business over the past three years and the mature, cash-generative characteristics of the sugar trade make an acquisition appropriate. But Tate has yet to convince the market that this is the right one.

Enterprise Oil

Oil shares have been on the same well-lubricated slope as the rest of the market this summer, given no more than a downward nudge by the complicated debut of Enterprise Oil three weeks ago.

The fact that underlying oil prices had been sliding away from the oil companies was until this week recognised by the stock market more in theory than in its valuation of the sector's equity, which fared little worse during July than the rest of the market. Yesterday, however, the decisive-looking crack in spot prices which has taken Brent crude below $28 per barrel was translated into a 4.5 per cent slide in the shares.

The nervousness goes beyond a belated discounting of Opec over-production, which has in any case been public knowledge for some time. Indeed there is an optimistic view that – apart from the effects of accelerated liftings in Nigeria – the Opec supply bump should be declining in the next few weeks.

At some point the spot price should start to feel the benefits of cuts which are supposed to have succeeded the excesses. In the last two quarters of the year demand for Opec oil might approximate to the quantity being produced, leaving the market with the problem – maybe soluble – of absorbing the overhang. But no one knows what Opec will produce.

The difficulty is that BNOC, the contract price setter for North Sea Oil, might soon come under critical pressure to reduce its prices for the forward months.

Experience of erosion in the spot market gives little guide to pricing policy when spot discounts move much above $2 per barrel. At less than $2 the contract prices have been sustainable. If the slide goes much further it has a nasty habit of widening suddenly to $5 or more – and taking the term price with it.

Nottingham Mfg.

Nottingham Manufacturing's shares underperformed the rest of the market by 20 per cent in 1983 and shareholders have been treated to more of the same over the last three months. Down 6p at 196p, the shares are more or less back to where they started at the beginning of last year.

None of that appears to have had much impact on management's distaste for discussing its business in public – which, indeed, begins to look a part of the problem. The undoubted quality of Nottingham's operations, evident from its profit growth through the recession, used to strike the City as more than ample compensation for having an incomplete picture of the company. But recent shifts in Marks & Spencer's buying policies have changed all that. Whatever the real impact of M & S's decision to review its clothing department strategy, the City has grown increasingly concerned about the effects on Nottingham.

Yesterday's interim profits for the half-year to June will do nothing to allay those fears. Pre-tax profits of £7.2m mark a small advance on the back of a 20 per cent jump in investment income. But the trading margin has fallen from 4.3 to 3.7 per cent and this looks attributable to Nottingham's inability to push through price increases to offset the higher sterling cost of its imported raw materials; how much this problem has been exacerbated by new strains on the company's relationship with M & S, though, is still far from clear. Nottingham has a strong order book and should manage pre-tax profits of £27m this year – but the share price surely awaits some broader message.

Italian bank in $284m takeover

By Alan Friedman in Milan

ISTITUTO Bancario San Paolo di Torino, Italy's fourth largest bank, yesterday agreed to pay nearly L500bn ($284m) to purchase Banca Provinciale Lombarda, the private Lombardy bank which is controlled by Sig Carlo Pesenti, the ailing financier who is under investigation by Milan's magistrates for improprieties related to a 1972 loan from the Vatican.

San Paolo's acquisition of 86.6 per cent of Banca Provinciale, announced last night, should catapult San Paolo into a position among the top three banks in Italy. The Turin-based San Paolo is one of Italy's most profitable banks.

Negotiations between San Paolo executives and Sig Pesenti's son, Giampiero, have been under way for several months and the sale of Banca Provinciale has been rumoured for even longer. In Italy, it is widely seen as a way for Sig Carlo Pesenti to cope with mounting financial difficulties connected with his Ital Mobiliare empire of companies and banks. Sig Pesenti was in 1982 the largest single shareholder in the failed Banco Ambrosiano.

San Paolo, which last year returned a net profit of L103bn, has a deposit base of L33,741bn. It also controls Banco Lariano, another northern Italian bank which has 120 branches. The addition of Banca Provinciale, which has 134 branches, in prosperous Lombardy, will create a group with more than 600 branches, more than L45,000bn in deposits, and a workforce of 17,000.

A senior executive at San Paolo said last night that he was confident the Bank of Italy would give its approval to the acquisition of Banca Provinciale. The result of the deal will be a San Paolo network that covers the nothern Italian regions of Lombardy, Piedmont and Liguria, spanning the traditional industrial triangle of Milan-Turin-Genoa and also including some of Italy's wealthiest provinces.

Leading Filipino bank closes as authorities refuse aid

BY EMILIA TAGAZA IN MANILA

THE LARGEST savings bank in the Philippines closed all its branches in the greater Manila area yesterday after two weeks of heavy withdrawals from many of its more than 3m depositors. Banco Filipino (BF), which has 46 branches in Manila alone, was forced to declare the "bank holiday" after the central bank rejected its request for additional emergency funds.

BF's closure is the latest and biggest in a series of bank failures in the Philippines. Since the start of the year, almost 30 small savings and rural banks have shut down. Out of the country's 34 commercial banks, 10 are also now reeling under the prevailing economic crisis.

Although BF's closure did not affect yesterday's transactions in commercial banks considered "solid", streams of withdrawing depositors, many of whom were hysterical, trooped to smaller commercial and savings banks. Some members of the Bankers' Association of the Philippines are holding emergency meetings to draw up measures to cope with a possible spread of the bank run.

Mr José Fernández, the central bank governor, has said that aid to BF had been suspended because the central bank had discovered that part of the emergency funds earlier extended to the bank "were not used properly."

Answering claims by BF implying that the central bank had been remiss in its duty to assist banks, Mr Fernández said that from June 20 to July 20, central bank advances to BF had amounted to 979m pesos ($54m). However, the central bank has found that BF used only 670m pesos to meet depositors' demands. Mr Fernández said the rest was paid to some of its affiliated companies and large stockholders.

Mr Fernández said he had advised BF, which has total assets of about $261m, to seek strong new partners. "Many other banks are operating normally and the central bank would continue providing financial assistance to needy banks so long as they are well managed," Mr Fernández said.

BF's troubles started late last year at the onset of the political and economic uncertainties that followed the assassination of Mr Benigno Aquino, the popular Filipino opposition leader. The murder set off massive anti-government rallies, which in turn provoked a massive flight of capital from the country.

BF's investments are mostly in property, which was depressed by the economic crisis. The failure of many of BF's clients to pay their property debts has caused the shortage of liquidity in the bank.

Mr Fortunato Dizon, BF's executive vice-president, said two groups had shown interest in providing equity for BF. One is Bank of the Philippine Island (BPI), one of the country's most stable banks; the other a group of foreign banks with loan exposures in the Philippines. Mr Dizon said the foreign banks wanted to know whether they could use their loans to the government as collateral for additional cash advances to BF from the central bank.

Local bankers see BF as a test case for the Government's programme of streamlining the Philippine banking system, which is characterised by the proliferation of small and undercapitalised financial institutions. For the past five years the Government has been trying to weed out the numerous inefficient banks from the system, but the central bank has nonetheless continued to rescue troubled banks.

Banco de Mexico's reserves up $2bn

By Our Correspondent in Mexico City

THE PRIMARY reserves of the Banco de Mexico have grown by more than $2bn this year, Sr Miguel Mancera, the bank's director general, said yesterday.

Sr Mancera, who was speaking at the opening of the first convention of Mexico's nationalised banking system, said that last Friday that the reserves stood at $6.942bn, compared with $4.933bn at the end of 1983.

He argued strongly against a one-off devaluation of the Mexican peso or an increase in the rate of the current mini-devaluation by which the U.S. dollar gains 13 Mexican cents against the peso each day.

Earlier this year, rumours that the Government would take such action led to a big slump in the peso value in parallel peso-dollar markets in the U.S.

But these markets have returned to a level close to that of the "free" rate controlled by the Central Bank, in Mexico. In another speech Sr Jesus Silva Herzog, the Finance Minister, said it had been proved that it no longer pays to speculate."

Sr Mancera said that the growth in the reserves indicated that the peso was still undervalued. He warned: "Don't take these words to indicate an inflexible intention to maintain a certain devaluation rate."

He argued that any abrupt change could have a crippling effect on many manufacturing companies which were heavily dependent on imported goods.

Yesterday was the first deadline given to former owners to buy back non-banking assets in the banks which were nationalised in 1982, and Sr Silva Herzog announced that 80 per cent of the shares on offer had been taken up. The minister described this result as "a clear vote of confidence in the immediate future of Mexico."

Bid for Hoare Govett agreed

By Paul Taylor in New York

SECURITY PACIFIC, the West Coast U.S. banking group, said yesterday that it had reached an agreement in principle to acquire between 80 per cent and 90 per cent of Hoare Govett, the British stockbroking firm, when UK regulations permit.

Security Pacific already owns 29.9 per cent of Hoare Govett, the maximum allowed under existing regulations.

The banking group said the terms of the agreement valued Hoare Govett at £78m ($103.5m).

Security Pacific said it intended that the day-to-day management of Hoare Govett should remain unchanged.

Strong second quarter for Standard Indiana

BY WILLIAM HALL IN NEW YORK

STANDARD Oil Company (Indiana), the fifth biggest U.S. oil company, increased its second quarter net income by 23 per cent to $524m after a 49 per cent jump in first-quarter earnings that was mainly attributable to a turnround in its downstream refining and marketing operations.

Revenues in the latest three months were unchanged at $7.4bn and for the six months are up marginally from $14.bn to $15.1bn. Net income in the latest six months is 35.5 per cent ahead at $1.12bn and earnings per share for the same period are 36 per cent higher at $3.84. Standard earned $6.39 a share in the 12 months to end December 1983.

The company attributed the second-quarter profits rise to firming prices for its oil, natural gas and chemicals products in the U.S. and overseas markets.

The company said its U.S. exploration and production operations had net earnings of $525m in the quarter compared with $519m last year "due primarily to higher natural gas production volumes and prices as natural gas demand continued to strengthen."

Foreign exploration and production operations had net earnings of $200m in the second quarter, up 10 per cent from last year's $182m.

Lex, Page 16; Union Carbide results, Page 17

World Weather

Readings at mid-day yesterday.

C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Brooke Bond fights £295m bid

Continued from Page 1

ceeded in greatly improving the company's performance since 1980." Profits before tax had grown from £30.7m to £57.3m over that period and its borrowing eliminated by the end of last March.

The City of London and the company itself, see this improvement largely as a reflection of cost reduction and rationalisation, notably the closure of the Liverpool refinery in 1981 and concentration of production at the Thames plant. The company's shipping line and the Zymaize alternative sweetener plant in the U.S have been sold.

The total UK food market is not expected to grow significantly over the foreseeable future, but Brooke Bond has attempted to develop one important strand of diversification in recent years by buying Mallinson-Denny, the timber importer and distributor, in 1981 for £80m.

Its attempts to master that new business, hindered by a sharp recession in the construction industry, are only now beginning to yield results. Tate's eyes are now fixed on the food industry, however, and it emphasised: "Those businesses in both companies which do not fit with this strategy will be kept under constant review."

Mr Shaw said: "Even in the worst case, by which we mean that interest rates hit 15 per cent, Tate could continue with the total merged group, without disposals, and achieve satisfactory interest and dividend cover."

Brooke Bond's profits have grown from £41m to £48.2 in the year to June 1983, but debt represented less than 40 per cent of shareholders' funds on that date and the group, advised by Lazard Bros, is expected to underpin its defence with the strength of its supermarket brands and the improving returns on its timber and tea blending operations.

Tate, advised by Kleinwort Benson, will send out its formal offer document shortly.

Published by The Financial Times (Europe) Ltd., Frankfurt Branch, represented by G.T.S. Damer, Frankfurt/Main, F. Barlow, R.A.F. McClean, M.C. Gorman, D.E.P. Palmer, London, as members of the Board of Directors. Printer: Frankfurter Societäts-Druckerei GmbH, Frankfurt/Main. Responsible editor: C.E.P. Smith, Frankfurt/Main. © The Financial Times Ltd. 1984.

SECTION II – INTERNATIONAL COMPANIES
FINANCIAL TIMES
Tuesday July 24 1984

Retail side sets pace at Sears Roebuck

By Terry Byland in New York

SEARS ROEBUCK demonstrated the continued strength of its core consumer retailing business with a 14 per cent rise in net earnings to $356m or 99 cents a share in the second quarter.

The financial services division turned in losses, with Dean Witter, the Wall Street broking subsidiary, recording a loss of $21.2m for the first half-year, against a profit of $72.5m last time. Group sales for the quarter gained 9.2 per cent to $9.44bn.

Mr Edward Telling, chairman and chief executive, expects consumer spending to continue strong in the second half. At the six-month stage, Sears has earned a net $569.8m or $1.59 a share, a gain of 21 per cent. Sales, at $17.81bn, have put on 10.4 per cent.

Income at the merchandising group advanced by 82.5 per cent to a record $294.9m in the first half, on sales only 8.3 per cent ahead at $11.88bn. Allstate Insurance increased revenues by 11 per cent but tightening margins left profits at $289.9m, only 8.4 per ceot up.

Coldwell Banker Real Estate lifted earnings from $28.8m to $32.5m but Sears World Trade increased its loss from $3.3m to $10.1m.

For the whole of fiscal 1983, Sears, the world's largest retail organisation, earned $1.3bn or $3.80 on revenues of $35.9bn.

Sharp recovery at Armco and Wheeling-Pittsburgh

BY WILLIAM HALL IN NEW YORK

ARMCO, the sixth biggest U.S. steel company, yesterday reported a sharp drop in its second-quarter net loss to $14.1m. Wheeling-Pittsburgh, a smaller steelmaker, achieved a $24m swing from losses into profit with net income of $5.3m for the same period.

The two companies are the latest members of the steel industry to report improved performances in line with the U.S. economic recovery. Inland Steel, the fifth biggest steel maker, last week reported a $36m turnround into profit.

Mr Harry Holiday, Armco's chairman, said the group's carbon steel operations had swung from a loss of $95m in the first half of 1983 to a profit of $44m in the first six months of this year. Armco's special steel operations roughly doubled their first-half pre-tax profits to $48.4m.

For the first half of 1984 Armco has reported a net profit of $42.2m, which includes a special $172.5m gain on the sale of the West Virginia coal operations. It also includes a $105m pre-tax provision for a loss in Armco's discontinued insurance business.

The only area of Armco's business which has not benefited from the economic upswing is its oilfield service operations, National Supply Company. Although losses were cut, the company says it still has a problem "with the depressed oilfield equipment business."

Wheeling-Pittsburgh, in which Japan's Nisshin Steel recently took a 9.8 per cent stake, yesterday reported its first quarterly profit since the first three months of 1982 after a rise in shipments of more than 50 per cent to 634,573 tons.

The company remains cautious about the second half, Mr Dennis Carney, the chairman, who is widely credited with bringing the company safely through the last recession, says: "Although continued cost reductions and productivity improvements have lowered our breakeven point, weak order volume and continued severe price discounting in the markets for our products will significantly impact profitability through the third quarter. Imports continue to capture 25 per cent of our home markets for steel."

Strong last quarter lifts Wang to $210m

By Paul Taylor in New York

WANG LABORATORIES, the U.S. computer group, yesterday reported sharply higher fourth-quarter and full-year results despite the adverse impact of the strong dollar.

The group, which is based in Lowell, Massachusetts, said fiscal fourth-quarter earnings increased by 32.6 per cent to $73.7m or 52 cents a share, from $55.6m, or 41 cents, a year ago. Revenues grew by over 51 per cent to $713.8m from $471.5m.

The latest quarter boosted full-year net earnings to $210.2m, or $1.52 or $1.16 a share, on revenues of $1.54bn in the previous fiscal year.

Wang noted, however, that operating margins in the fourth quarter were hit by the strong dollar and by "heavy shipments of accumulated backlog of professional computers and large competitively bid contracts which have lower-than-average margins."

Separately, Prime Computer, the U.S. minicomputer maker, said second-quarter net earnings more than doubled to $12.8m, or 27 cents a share, from $6.4m, or 13 cents.

Fiat group profits jump 85% on modest sales gain

BY ALAN FRIEDMAN IN MILAN

FIAT, Italy's largest private sector conglomerate, yesterday announced an 84.6 per cent rise in its 1983 consolidated net income, to L253.4bn ($143.8m).

The 1983 net profit was achieved on group consolidated revenues of L21,985bn, which represented an increase of 8.6 per cent year on year.

The Fiat figures are the third consolidated accounts produced by the Turin-based group, which is 30 per cent-owned by the Agnelli family.

Financial disclosure habits and accounting procedures in Italy are generally acknowledged to be some years behind standards in the United States or the UK. So the Fiat consolidated accounts stand out as an example for other Italian companies to follow.

Yesterday's figures followed the release of Fiat SpA parent company results in May – in these the net profit was also nearly doubled, to L214bn.

The 1983 consolidated figures cover 410 subsidiaries and 134 associated companies operating in 52 countries, including major operations in Brazil.

The total Fiat workforce last December was 243,808, a reduction of 20,000 from the end of 1982. Nearly 85 per cent of Fiat workers are employed in Italy.

Consolidated operating income for the group last year came to L1,302bn (L1,211bn in 1982) and was reached after depreciation and amortisation charges of L1,215bn (L1,008bn in 1982). The pre-tax group profit last year was L375.9bn, an increase of 43.9 per cent.

Fiat's total group net debts declined last year by L768bn to L5,401bn. This compares with net consolidated equity of L5,106bn. Group cash flow last year totalled L1,468.5bn, against L1,145.1bn in 1982.

Research and development expenditure was 11.2 per cent higher at L556bn, while investments were up by 10.4 per cent at L1,453bn.

About 52.5 per cent of Fiat's total group sales of L21,985bn came from Italy, and other countries in the EEC accounted for a further 26 per cent. The group's profit-making car division accounted for more than half of group turnover at L11,888bn. The loss-making Iveco industrial vehicles division represented about one-fifth of group revenues.

Business information groups well ahead

By Our New York Staff

TELERATE, the fast-growing U.S.-based electronic business information group which is majority-owned by Exco, the UK money-broking group, yesterday reported a further surge in subscribers, revenues and net earnings in its fiscal third quarter.

Separately Quotron, which supplies electronic stock price and other financial information, also reported large increases in second-quarter revenues and profits.

Telerate's net earnings increased by 33 per cent to $7.54m or 17 cents a share from $5.66m or 13 cents a share on revenues which grew by 34 per cent from $18m to $24.2m in the latest quarter.

For the first nine months of its fiscal year Telerate's net earnings increased by 50.6 per cent to $20.9m or 47 cents a share from $13.88m or 34 cents. Revenues increased by 45 per ceot to $68.2m from $47.1m, while pre-tax earnings surged 59.5 per cent to $39.86m from $25m.

Quotron's net income increased by 24 per cent to $8.87m or 20 cents a share on revenues of $46.6m compared with net earnings of $5.53m or 18 cents a share on revenues of $36.73m a year earlier.

The company, which recently introduced its advanced system 1000 service, said first half net earnings increased to $13.78m or 40 cents a share from $10.98m or 32 cents a year earlier. Revenues grew by 28 per cent to $91.1m.

Leading U.S. drug producers suffer lacklustre results

BY OUR NEW YORK STAFF

SMITHKLINE Beckman and Schering-Plough, two of the biggest U.S. pharmaceutical groups, disclosed lacklustre results for the second quarter, adding to the cloud of doubt floating over the sector for the past fortnight.

SmithKline, producer of the Tagamet anti-ulcer drug, lifted net earnings by less than 4 per cent to $120.2m or $1.50 a share on sales of $713.5m against $694.7m. Profits for the first half from continuing operations show a gain of 3.8 per cent to $250.7m or $3.07 a share.

Stock in SmithKline has taken a beating oo Wall Street over the past two months as brokerage analysts computed the effects of Zantac, the fast-growing anti-ulcer drug produced by Glaxo of the UK, on sales of Tagamet, which earns about half the group's profits.

In fiscal 1983, SmithKline earned $488m or $5.85 a share, with growth rates in Tagamet sales slowing to 7 per cent from the 20 per cent of two years ago.

Schering-Plough reported that the continued strength of the dollar has hampered its performance in the first half. With nearly half the group's sales made outside the U.S. exchange rate factors cut 8 cents from earnings in the second quarter, to help produce a dip in net profit from $50.3m or 94 cents to $47.9m or 95 cents a share on reduced shares outstanding. Sales improved from $485.2m to $475.6m.

Mr Robert Luciano, chairman, said profits would continue to be dampened by "increasingly unfavourable exchange rate comparisons," although he expected better earnings growth in the second half.

For the six months, Schering earned $101.2m or $2 a share against $105.8m or $1.97 from sales of $962.1m against $937m.

In contrast Squibb, the New York-based drugs and cosmetics company, increased net earnings for the second quarter by 17 per cent to $47.1m or 88 cents a share on sales of $440.6m against $427.9m. First half net of $84m or $1.57 compares with $73.4m or $1.41.

Mr Richard Furland, chairman, said all opereting segments contributed to the favourable sales performance in the latest quarter.

Commerzbank feels earnings pressure as costs increase

BY JOHN DAVIES IN FRANKFURT

COMMERZBANK, the West German commercial banking group, is suffering pressure on its earnings because of increases in costs of personnel and equipment.

In the first half of this year, the bank's partial operating earnings of DM 293.5m ($103m) were 14.9 per cent below the record six-month average of last year. Partial operating earnings are basically a bank's net interest and commission income, less running costs, but do not take account of some other earnings or of adjustments such as securities write-downs.

In an interim report yesterday, Commerzbank said its surplus on interest rate business edged down 1.4 per cent to DM 887.6m, while its commission business produced 1.3 per cent less at DM 297.2m.

On the other hand, the cost of salaries and associated social security contributions rose 4.3 per cent to DM 544.8m, because of an increase in the number of staff, compared with a year ago, as well as pay rises.

The cost of equipment and materials was up a hefty 9.8 per cent at DM 245.8m. The bank said this reflected the continued introduction of modern technology into banking business.

Commerzbank executives have already indicated they expect satisfactory, although possibly lower, operating earnings this year. With a sharp rise in operating results last year, the bank reported group net profits nearly doubled at DM 213m. A DM 6 per share dividend was paid on last year's results, after a three-year gap in payments.

Commerzbank's parent bank business volume increased by 3.5 per cent to DM 71.36bn in the first half of this year, partly because of the impact of exchange rate changes on foreign business. It said that credit demand from business clients continued to be restrained, but borrowing by private customers remained buoyant.

Technip to cut jobs in bid for recovery

By Paul Betts in Paris

TECHNIP, the leading French project engineering company, plans to lay off nearly 30 per cent of its workforce in a move which further reflects the group's financial difficulties.

The company, whose main shareholders include the French Petroleum Institute, and the two French oil companies Elf-Aquitaine and Total, has told labour unions it wants to cut 760 jobs, including about 550 compulsory redundancies, from the workforce total of 2,753.

The French oil industry is concerned about Technip's situation. Apart from financial problems, Technip has suffered some important difficulties in foreign markets.

Cummins sees benefit from truck recovery

By Our New York Staff

CUMMINS ENGINE, the U.S. diesel engine manufacturer, notched up record earnings in the second quarter of this year, as the group benefited from the vigorous recovery in the North American truck market.

Net income amounted to $45.4m or $4.78 a share, against a loss of $20.96m, or $2.26 a share a year ago. Record first-half earnings bounced back from a loss of $26.6m, or $3.08 a share, to $83.83m, or $8.81 a share.

The upsurge has been fuelled by dramatic increases in volume and by cost containment measures.

Sales in the three month period rose by 69 per cent to $599m from $355m, while in the half year they were up by 64 per cent from $715m to $1.17bn.

The group said production of heavy duty truck engines was at record levels and that its share of the North American market remained above 60 per cent.

It pointed to a slackening in the rate of growth, which had already levelled in a manner "consistent with moderation in the economic recovery." It forecast total North American production for the year of 150,000 heavy duty trucks against 82,000 in 1983.

Eaton Corporation, the Cleveland-based components and advanced technology products group, increased net second-quarter profits of $21.3m or 73 cents a share last year to $71.6m, or $2.22 a share.

Mr E. M. de Windt, chairman, said the record performance was the result of the general improvement in the economy, vigorous truck and car markets, and benefits from the "sweeping reorganisation" of the components segment in 1983.

Sales jumped by 36 per cent in the quarter from $660.2m to $897.5m, and rose in the half year by 35 per cent from $1.27bn to $1.71bn. Net income for the six-month period amounted to $131.4m, or $4.07 a share, against $29.6m, or $1.01 a share.

Mr de Windt said the reorganisation of the group's electronic and electrical segment was largely complete, and the benefits would be reflected in the company's 1985 performance.

State cash injection for Seat

BY DAVID WHITE IN MADRID

A NEW funding programme has been drawn up for Seat, the Spanish state-controlled car manufacturer, after changes in accounting procedures which have brought extra charges of Pta 31.5bn ($195m), on top of record 1983 losses of Pta 35.7bn.

The Government has committed itself, through the state holding company INI, to a major effort to put Seat on a sound financial footing, on the expectatioo that new models will bring the company back to break-even by next year.

As a first step Seat's nominal Pta 36.5bn capital has been written down to zero and Pta 42bn of new capital injected into the company. In addition the state is to contribute Pta 21bn towards covering a 1983 loss. This is equivalent to the deficit originally forecast by the company for the year.

A further Pta 45.9bn is due to be ploughed into the company over the next few years to cover depreciation, capital losses at subsidiaries and restructuring costs, including further trimming of the 25,000-strong workforce, an INI spokesman said.

He said Seat was expected to reduce its losses sharply this year.

This follows the launch at the beginning of the year of a Seat-made version of the Volkswagen Polo, under the agreement the two companies signed in 1982 in the wake of Seat's separation from its previous partner, Fiat of Italy. The Spanish group is also in the process of launching its first "Spanish" car, the Ibiza, a small saloon developed in co-operation with Porsche and with the Karmann bodywork unit.

Seat is 95 per cent owned by the state, and last year became the beaviest lossmaker in Spain's Industrial public sector. Its sales of cars in Spain fell by 9 per cent

Hughes Tool reports loss

BY OUR FINANCIAL STAFF

HUGHES Tool, the U.S. oilfield services company which earlier this month announced it was slashing its dividend and taking a $175m pre-tax write-off, yesterday reported a second-quarter net loss of $135.1m against $22.4m in the same period last year. For the first six months of 1984 the group has reported net losses of $149.7m compared with $21m last year. The write-offs cover surplus inventory and the sale of fixed assets, as the group adjusts to the severe recession in the U.S. oil services industry.

Petrochemicals lead Union Carbide upswing

BY WILLIAM HALL IN NEW YORK

UNION CARBIDE, the third largest U.S. chemical company, profits of which have been sliding for several years, has more than doubled profits for the second consecutive quarter. Net income has risen $64m to $126m in the three months to June 30.

The group's petrochemical operations led the profit upsurge with second-quarter operating profits jumping from $32m to $94m.

The only part of the group to report lower profits was consumer products, where operating earnings fell $14m to $36m, largely because of overseas battery sales.

Sales rose 9.8 per cent to $4.8bn and the company's gross margin ratio of 31 per cent in the second quarter was the highest for any quarter in the last five years. Total overheads were down on the same period last year.

Share rights move by Crown Zellerbach

By Our Financial Staff

CROWN ZELLERBACH, the U.S. forest products company, has moved to protect itself against unwelcome takeovers with a complex special dividend of common share rights.

The company said it was not aware of any takeover attempt, but the move is believed to have been prompted by the burst of takeover activity in the sector which has seen the takeover of Continental Group and an offer from Mr Rupert Murdoch, the Australian publisher, for 50.1 per cent of St Regis.

Tha board of the San Francisco-based company has declared a special dividend on each common share, entitling shareholders to buy one more share for $100, more than three times Friday's closing price of $30, until July 1994.

The rights will not be exercisable until someone acquires 20 per cent of the company's common shares, or makes an offer for 30 per cent.

While execising of the rights by other shareholders would dilute the equity held by a predator, the premium payable could force upwards the value of any offer.

U.S. airline hit by deregulation

BY PAUL TAYLOR IN NEW YORK

AMERICAN International Airways, a small Philadelphia-based carrier formed to serve the Atlantic City gambling market, is the latest casualty of deregulation in the airline industry. It has filed for protection from its creditors under Chapter 11 of the U.S. bankruptcy code.

American International, owned by AIA Industries, has been plagued by losses since expanding its service last autumn from a charter carrier to a scheduled airline serving 12 cities.

In its fiscal 1983 year ending November 30, the airline reported a loss of $11.8m on revenues of $52.8m. Earlier this week it reported a first-half loss of $15m on revenues of $33.5m and warned that it had a working capital deficit of $19.6m and might be forced into Chapter 11.

AIA's major shareholder is KB Equities, based in Reno, Nevada. The investment company this month injected an additional $1m into the airline in return for lifting its equity stake from about 5 per cent to about 43 per cent.

Rescue agreed for Brazilian steelmaker

BY ANDREW WHITLEY IN RIO DE JANEIRO

THE VILLARES Group, Brazil's leading heavy engineering group, has agreed with the state development bank, the BNDES, on a rescue plan for its loss-making steel products subsidiary Vibasa.

Vibasa, the largest producer of heavy forgings and castings in the southern hemisphere, started production in 1980 after investments estimated at $500m. The collapse of the domestic capital goods market, and its high level of domestic and external debt, generated serious losses from the outset.

Under the complex rescue plan will provide Vibasa with a 15-year, low interest loan of Cr 80bn ($34m) to finance the conversion of external debt into cruzeiros.

Shareholding in Vibasa – originally 84 per cent Villares companies and 16 per cent BNDES – has also been restructured, to limit the impact of the continuing red ink on the rest of the family-owned group.

The original shareholders have reduced their participation in Vibasa to 49 per cent and set up a new holding company, Catena, with a paid-up capital expected to reach Cr 79bn by the end of the month.

About 30 per cent of the new shares are on offer to outside investors on tha Sao Paulo stock exchange up to next Wednesday. But if there are no takers, Catena is committed to taking up the 29.8 per cent shareholding being relinquished by Acos Villares, Vibasa's publicly qunted parent company.

This would guarantee majority control for the original owners, the Villares family, who have put up the equivalent of $8m in additional capital for Cateoa.

According to Sr Paulo Diederichsen Villares, the group's president, Vibasa is operating at its full capacity of 360,000 tonnes a year and is producing an operational profit.

Vibasa was conceived in the mid 1970s and set up with considerable Government encouragement, with the aim of becoming the leading force in the Brazilian heavy equipmeot industry. It was to supply major components for key development projects, notably the Itaipu hydroelectric dam – the world's largest – and the nuclear power station programme.

Since Itaipu's completion and the virtual freeze on power station construction, Vibasa's market has disappeared and its outlook slumped.

INTL. COMPANIES & FINANCE

Riccar granted court protection

By Robert Cottrell in Tokyo

RICCAR, a sewing machine manufacturer, was granted court protection from its creditors yesterday, in Japan's fourth-largest corporate failure. Riccar is estimated to owe Y105bn ($429m) to creditors.

The company's shares were suspended at Y70 amid a wave of selling orders on the Tokyo Stock Exchange yesterday. The stock had fallen sharply through last week, having traded last Monday at Y175.

Last week saw the resignation from Riccar's board of three directors on secondment from Mitsui Bank, the Long-term Credit Bank of Japan, and Toho Mutual Life Insurance Company. Mr Kaneshige Kumatsu, Riccar's senior managing director, said the three had resigned for purely personal reasons. He also denied rumours that the three respective financial institutions had refused fresh loans.

According to Mr Komatsu, the company had "voluntarily" decided not to borrow more money. Mr Komatsu maintained that the company had enough cash to meet its immediate obligations, including debt repayments totalling Y880m this week, Y1bn in August and Y1bn in September.

The company also unveiled plans to raise cash by selling a subsidiary owning a chain of 12 hotels, as well as the group headquarters building in Tokyo's Ginza district. Closure of up to 100 branch offices, and heavy redundancies among the 2,300-strong workforce, were also expected.

Brokers say Riccar's creditors lacked confidence in the company's plans, and in the adequacy of information which they were receiving on its financial position. They say Riccar's fundamental problems relate to its over-reliance on sewing-machines, which account for 57 per cent of its sales, and its failure to develop high-technology consumer products. The company lost Y825m net in the year to end-March 1984.

● Yoko Shibata adds from Tokyo: Riccar appears to have been bolstered for the past few months in part by short-term loans from foreign banks. A list of bank creditors published yesterday showed that out of a total of some Y30bn, four foreign banks — Citibank, Paribas, Swiss Bank Corporation, and Deutsche Bank—were owed some Y5bn ($20m).

NORTH AMERICAN QUARTERLY RESULTS

3M
Industrial, electrical, electronic products

Second quarter	1984 $	1983 $
Revenue	1.95bn	1.78bn
Net profits	193.8m	169.0m
Net per share	1.64	1.44
Six months		
Revenue	3.83bn	3.48bn
Net profits	368.0m	326.0m
Net per share	3.14	2.77

AMERICAN BROADCASTING
Broadcasting and publishing

Second quarter	1984 $	1983 $
Revenue	854.1m	754.9m
Net profits	72.4m	64.6m
Net per share	2.49	2.20
Six months		
Revenue	1.69bn	1.42bn
Net profits	96.3m	78.5m
Net per share	3.30	2.68

BELLSOUTH
AT&T spin-off company

Second quarter	1984 $	1983 $
Revenue	2.3bn	–
Net profits	298.0m	–
Net per share	1.02	–
Six months		
Revenue	4.6bn	–
Net profits	588.4m	–
Net per share	1.95	–

* 1983 comparison not available

BUCYRUS-ERIE
Mechanical engineering

Second quarter	1984 $	1983 $
Revenue	102.8m	151.4m
Net profits	3.8m	†79.1m
Net per share	0.19	†3.87
Six months		
Revenue	210.8m	298.3m
Net profits	7.9m	†76.2m
Net per share	0.39	13.73

† Loss

BURLINGTON INDUSTRIES
Textile products

Third quarter	1983-84 $	1982-83 $
Revenue	816.2m	812.8m
Net profits	22.9m	30.0m
Net per share	0.80	1.05
Nine months		
Revenue	2.42bn	2.19bn
Net profits	85.0m	55.5m
Net per share	2.96	1.95

CESSNA AIRCRAFT
Light commercial aircraft

Third quarter	1983-84 $	1982-83 $
Revenue	178.8m	119.7m
Net profits	52.7m	†6.9m
Net per share	n/a	†0.06
Nine months		
Revenue	444.2m	390.1m
Net profits	†17.2m	†6.3m
Net per share	†0.88	†0.33

† Loss

CHESEBROUGH-POND'S
Cosmetics, foods

Second quarter	1984 $	1983 $
Revenue	432.8m	389.7m
Net profits	23.3m	24.5m
Net per share	0.65	0.68
Six months		
Revenue	854m	791.2m
Net profits	41.9m	53.3m
Net per share	1.17	1.49

CROWN ZELLERBACH
Forest products

Second quarter	1984 $	1983 $
Revenue	776.4m	652.3m
Net profits	32.5m	20m
Net per share	1.04	0.55
Six months		
Revenue	1.5bn	1.3bn
Net profits	53.7m	40.4m
Net per share	1.88	1.09

RALSTON PURINA
Agricultural feed products

Third quarter	1983-84 $	1982-83 $
Revenue	1.11bn	1.14bn
Net profits	*36.6m	89.1m
Net per share	*0.42	0.81
Nine months		
Revenue	3.79bn	3.62bn
Net profits	*184.5m	196.8m
Net per share	*2.01	1.98

* Includes $19.9m closure charge

REPUBLIC NEW YORK
Bank holding company

Second quarter	1984 $	1983 $
Revenue	–	–
Net profits	24.3m	21.2m
Net per share	1.41	1.36
Six months		
Revenue	–	–
Net profits	47.1m	40.4m
Net per share	2.79	2.77

SCOTT PAPER
Paper products

Second quarter	1984 $	1983 $
Revenue	637.2m	613.7m
Net profits	52.8m	33m
Net per share	1.08	0.72
Six months		
Revenue	1.25bn	1.18bn
Net profits	87.1m	52.1m
Net per share	1.78	1.13

A. E. STALEY MFG.
Corn wet milling

Third quarter	1983-84 $	1982-83 $
Revenue	584m	423.8m
Net profits	12.3m	1.2m
Net per share	0.43	0.02
Nine months		
Revenue	1.4bn	1.1bn
Net profits	20.9m	8.4m
Net per share	0.71	0.29

STANLEY WORKS
Tools, building materials

Second quarter	1984 $	1983 $
Revenue	292.3m	249.7m
Net profits	18.1m	12.1m
Net per share	0.65	0.44
Six months		
Revenue	557.2m	472.4m
Net profits	31.8m	18.1m
Net per share	1.14	0.66

TEKTRONIX
Measurements instruments

Fourth quarter	1983-4 $	1982-3 $
Revenue	377.9m	284.7m
Net profits	33.3m	8.4m
Net per share	1.72	0.44
Year		
Revenue	1.33bn	1.19bn
Net profits	85.2m	48.7m
Net per share	4.44	2.57

VF CORPORATION
Clothing, Lee Jeans

Second quarter	1984 $	1983 $
Revenue	291.54m	257.38m
Net profits	30.23m	27.7m
Net per share	0.93	0.85
Six months		
Revenue	556.78m	490.31m
Net profits	57.55m	51.03m
Net per share	1.76	1.58

WEYERHAEUSER
Forest products

Second quarter	1984 $	1983 $
Revenue	1.47bn	1.29bn
Net profits	103.9m	58.1m
Net per share	0.73	0.40
Six months		
Revenue	2.75bn	2.37bn
Net profits	148.5m	81.6m
Net per share	0.96	0.52

TECHNOLOGY

EDITED BY ALAN CANE

HOUSE TRAINED AUTOMATONS WILL BECOME A MAJOR INDUSTRY

Tame robots for the automated home

BY PETER MARSH

HALF a dozen or so small groups of maverick engineers in Britain and the U.S. are attempting to lay the foundations for what they believe will be by the end of the century a major indnstry in home robots.

According to their advocates, these machines will be nothing like the lumbering industrial robots that have appeared in increasing numbers on factory floors over the past decade.

The home gadgets will be small—no more than a metre tall. They will trundle around the home doing useful jobs such as cleaning the floor and acting as security guards.

Unlike the industrial versions, most of which are no more than computer-controlled mechanical arms, house-trained robots will receive signals from the outside world with sensors such as TV cameras.

The machines will steer around obstacles and, with their own inbuilt intelligence, react to unforeseen events. In this way, for example, the hardware could act as a domestic help to a disabled person or make cats and dogs redundant by taking on the role of a household pet.

"You've seen the factory and office automated—now it's the turn of people's houses," enthuses Mr Robert Sachs, vice president of Hubotics, a company in Carlsbad, California, which sells a home robot called Hubot.

"Domestic robots are going to be a major industry—in 20 years every home will have one," says Mr John Reekie, managing director of Reekie Research, of Twickenham, near London. Mr Reekie plans this autumn to introduce a home robot for what he considers the affordable price of £750. Most of the machines sold so far have been from U.S. manufacturers and have cost several thousand dollars.

One of the most promising devices now on sale is the Hero Junior, made by Heath Company of St Joseph, Michigan, and introduced earlier this year.

The machine moves around the floor, sings songs with its voice-synthesiser chip and plays a game called "Cowboys and Robots." In the latter, a person has to shine a flashlight at the robot—if it hits a light-sensitive sensor, the machine croaks tinnily "You got me."

Like most home robots, the Hero Junior is given its instructions from a home compnter (which the owner has to buy separately). In some systems, the operator can stay in contact with the robot as it roams around, sending to it signals from his computer via either a radio or infrared link or by a length of wire.

John Reekie, with (left) his creation, a mobile robot for trundling around the home. The larger device is a similar machine for aperation inside hazardous places such as nuclear power stations

Mr Mike Maughey, sales co-ordinator of Heath, insists that the machine will do useful jobs. It will act, for instance, as a home sentry, sensing the presence of a person with an infrared detector. The machine will even ask an intruder to identify himself by saying a password. If the person says the wrong phrase, the robot signals an alarm.

Mr Haughey hopes to sell "several thousand" Hero Juniors over the next year at $1,199 each. His company has already sold over the past three years about 8,000 of an earlier device called the Hero-1.

According to industry estimates, Heath is responsible for more than half the home robots in the U.S. Other leading companies in the U.S. include RB Robot, of Golden, Colorado, and Androbot, of Sunnyvale, California.

RB Robots' products include the RB5X, which costs $2,295 for the basic model (a mechanical arm adds a further $1,495 to the price). Androbot sells the $1,600 TOPO and is introducing BOB, short for Brains on Board, which is described as a computer on wheels and will sell for $4,000.

Efforts in Britain in home robots have concentrated on static devices which look like miniature versions of industrial robots. The gadgets are generally bought by schools and colleges to teach students programming. They have few domestic applications. The machines normally have arms with several joints and can lift small loads.

Probably the world leader in this type of device is Colne Robotics, of Twickenham, which since it started in 1981 has sold 2,000 small robots, called Armdroids, at £500 each. Half these machines, which are controlled by a desk-top microcomputer, have been exported.

Other UK companies that sell similar machines are Powertran Cybernetics, of Andover, and L. W. Staines, a company in east London whose main business is as an engineering sub-contractor.

L. W. Staines has sold about 15 of its £2,000 OGRE robots, which can lift 3 kg. Customers have included industrial concerns such as the UK Atomic Energy Authority and Philips. The latter have used the machines as lightweight versions of industrial robots.

Mr Reekie of Reekie Research is one of the main figures in the emerging UK home-robots industry. He set up Colne Robotics before leaving in March to found his new company. Reekie Research also makes mobile robots for use outside the home, for example, in hazardous places such as nuclear reactors.

The home robot that Mr Reekie plans to sell in the autumn will be about a metre tall and will come in modules. The cheapest version will cost £150—this will buy a base with tracks, a microprocessor unit and a racking system in which to put optional boards of electronic components that add intelligence.

Like most of the other home machines, Mr Reekie's device will run on batteries.

For £750, a purchaser will obtain a more sophisticated machine that contains extra electronic hardware. It will contain sensors for navigation and with a mechanical arm pick up loads of up to 1 kg—for example, the hardware could distribute drinks at parties.

Mr Reekie hopes to sell 3,000 machines in the first year—mainly to hobbyists who may add hardware and software that they have created themselves. "In a few years, we will see an enormous software industry in creating new programs to give robots different personalities."

Universal Machine Intelligence, of London, will sell early next year a home robot similar in price to the American models. Mr Geoffrey Henny, the managing director, hopes to sell 500-1,000 units in the first year, mostly to the U.S.

He says that the home-robots industry is still in its infancy. People expect robots to look like the machines in films such as "Star Wars" and are disappointed when the hardware is much less sophisticated. "We are in the same stage as the computer industry in the 1960s—we are still trying to make the pre-Model T."

Video image makes its impression on film

IF THERE are any companies left in the Western world whose business relies solely on sprocketed film, their future must be in jeopardy. This is the message seen, heard and spoken throughout the media industries—not with evil intent, more as an inevitability in the evolution of film.

Electronic image processes have arrived in the film industry—an indispensable tool of film laboratories, an additional medium for producers to employ, a new market for Wardour Street and Hollywood to exploit. Unfortunately many organisations accepting the march of progress, albeit rather late in the day, still find difficulty in deciding how to embrace the new media.

The examples of groping in the dark range from cinema owners who have dabbled in electronics by opening video theatres, to public companies such as the Rank Organisation whose traditional film interests found strange and unsuccessful partnerships in TV set manufacture, industrial closed circuit television, even an early video-cassette venture (EVR).

For Rank, now looking much more cohesive in its spread of interests, its successful video activity has evolved more naturally out of the film business. Thus the addition of videocassette duplicating and video post-production services was not such a huge leap from the profitable and well-regarded work of Rank Film Laboratories. Its Video Systems Division, now marketing video projectors, grows naturally from early experience with film projector sales.

Yet some transition developments which appear to be logical can involve technical and cultural leaps which are too great to assimilate easily. In the early days of video, Wardour Street shunned the medium—as did indeed the broadcasters; it was a product with high street connotations and involved a technology that seemed alien and inferior to both the cinema and broadcast television.

It is, of course, different now. But the struggle of Government to help the film industry face this new world has displayed similar difficulties in grappling with the conflicting cultures. Thus, almost with disbelief, the industry has at last been digesting the long-delayed White Paper on Film Policy published last week.

Although this flimsy White Paper addresses itself mainly to financial and regulatory structures that affect the film industry, forever lurking in its paragraphs is the spectre of video, cable and satellite. It is conceded that the electronic media now provide the biggest audience for films—that "the gap between films and television is being closed." But it offers no national policy to ease the plight of those who may get squeezed between the gap. As the hard commercial world has demonstrated well enough how difficult it is to cope with these changes, the non-commercial but culturally important elements of the industry could be left stranded.

Such spectres of change have been haunting even international giants such as Kodak, as the company's sudden entry into video early this year indicated. For Kodak, the problem has not been simply a threat to its traditional motion picture business but also the risk that consumers would move away from still photography to home video cameras.

Video & Film

BY JOHN CHITTOCK

Another problem for Kodak, the archetype of still photography materials, has been competition. Where once a roll of Kodachrome was the automatic choice Fuji has become a serious consideration too. Photographers, and recently the Consumers' Association, have given Fuji colour films a vote of confidence. Even more worrying for Kodak has been Fuji's productivity record—from 1977 to 1982 a growth of 13 per cent with numbers of employees falling by 5 per cent per annum, against Kodak's 12 per cent growth and employee numbers rising by 1 per cent per annum.

Nonetheless Kodak has committed itself fully enough to video nowadays to produce regular employee reports on video. Its latest, Focus on Kodak 84, gives an insight into how the company is tackling these challenges. Not only do I rate this as one of the best employee video programmes I have seen (it comes over with frankness and intelligence) but the feeling it generates also reveals a real change of attitude at Kodak. No longer quite the paternal giant; the gloves—if not the knives—are now on the table.

Rationalisation is the key word, as indeed has been the leit motif at Rank. Yet rationalisation can involve an element of investment, as typified by Rank's announcement last week that the Group has bought Phicom's 50 per cent interest in the Rank Phicom Video Group. This does make sense—Phicom had no experience of this business, Rank Phicom has been trimming its sails very successfully lately, and the activity slots neatly into Rank's existing film and television activities.

Meanwhile, however, the world's biggest user of film—the BBC—has yet to make that cultural leap into video, even though half of the Corporation's customers (viz. viewers) will own VCRs within the next two or three years. BBC Enterprises last week unveiled its annual results and despite a record turnover of £31.5m, video sales contributed less than £1m.

There is a real possibility that the broadcasters could soon face upheavals as traumatic as those experienced by the film industry—and for the same reasons. Wardour Street suffered first through leaving it to the Americans to cater for international markets, quickly discovering that the UK market could not support an indigenous industry. And then from video which diverted people away from the cinema.

The same pattern may be emerging from the broadcasters. BBC's screening of *Chariots of Fire* attracted fewer viewers than *Coronation Street* and *This is Your Life*, due—it is claimed—to the earlier release of the film on video. And when questioned last week about the BBC's need to produce for international viewers, Mr Bill Cotton said "we make programmes for the UK market and that we couldn't and wouldn't wish to change." A familiar story.

Aerospace

Curing composites

ENGINEERS at McDonnell Douglas in the U.S. have developed ways to automate the curing process for aircraft parts which are made from composite materials.

It is part of a U.S. Airforce contract which could save companies millions of dollars over the next two decades by lowering the cost but increasing the quality of composite parts.

Improvements can be made by computerising the control of time, temperature and pressure of the curing process. These factors are critical to the strength of the part. Computers could more closely control the energy expended during curing which has a direct effect on cost. More details from the company on 04862 71311.

Telecoms

Microwave transmitters

RACAL MILGO of Hook, Hampshire, says it has a cost-effective solution to the problem of linking sites in rural areas or in developing cities where there is a lack of telephone lines.

The company offers a pair of microwave transmitter/receivers working in line-of-sight mode at a maximum range of 10 km, extendable to 50 km with repeaters.

Operation is in the 21-23 GHz band, well away from most other users in the radio spectrum. Low power output and narrow beamwidth minimise unwanted radiation and the system has sophisticated error correction to give a reliable data path under difficult weather conditions.

The system is available in two capacities: 19,200 bits/second and 2.048 megabits/second.

UK COMPANY NEWS

Security Centres jumps to £4.5m

INCLUDING 12 months figures for the U.S. subsidiary Scusa, pre-tax profits at Security Centres Holdings moved sharply ahead from £1.34m to £4.5m for the year to the end of March 1984. Turnover of this security services group expanded from £6.51m to £20.64m.

The net final dividend has been lifted from 1.1p to 1.4p which raises the total from 1.85p to 2.3p. Earnings per 10p share are shown as rising from 10.21p to 17.06p.

The directors say that Scusa has performed to expectations and continued progress is expected in the current year.

At the halfway stage, group pre-tax profits were up from £502,000 to £1.98m, to which Scusa contributed £1.08m.

The directors point out that Scusa's profits derive largely from its recurring revenue base — currently over $20m per annum — which arises from the rental and monitoring of alarm systems.

Commenting on the period under review they say that strong cash flow has allowed Scusa to make significant acquisitions of rental contracts during the year. These contracts will contribute to earnings in the current year.

Overall, group performance and development is satisfactory and they intend to continue to concentrate on the creation or development of further recurring revenue based businesses internationally.

UK operations have continued to expand strongly with takeover p from £5.8m to £7.3m. Pre-tax profits are similar to those of the previous year reflecting the initial cost of building up the recurring revenue base along U.S. lines. Changes made are expected to produce improved profits and cash flow in future years.

Towards the end of the financial year, three companies in the Republic of Ireland were acquired. First quarter performance indicates they are achieving forecast levels.

The Middle East joint venture, Defence and Security Intnl., started in March. Initial responses are "very encouraging" and ahead of expectations. Substantial contributions are expected in the future although no significant contribution is budgeted for in the current year.

At the operating level group profits moved ahead from £1.37m to £4.31m. There was an extraordinary profit before minority interests this time of £196,000, and lower associate losses of members sales.

• comment

Around two-thirds—or £3m—of Security Centres' taxable profits come from the new Scusa businesses. There are no comparable figures, but it looks as if Scusa's profits are growing strongly thanks to its policy buying up small subscriber contracts and achieving economies of scale by running them through its central monitoring station. In some cases, up to 70 per cent of the recurring revenue acquired in this way can drop through to the bottom line, although the group average is more like 45 per cent gross. UK profits were roughly static and margins suffered as management time was diverted to reorganising a businesses on the central U.S. number of disparate servicing pattern. Further ahead, the group, which now has no borrowings following the Scusa flotation, hopes repeat a similar exercise in a new market. The plan is to build up recurring revenue from monitoring and services from its present 64 per cent of group turnover (35 per cent before its entry into the U.S.) to around 75 per cent, both via acquisition and equipment sales. The bidder, announced following a takeover leak last month, is unlikely to emerge with specific proposals before the end of August, says the group. At 255p, down 5p, the shares yield 1.3 per cent on a multiple of 15.

HIGHLIGHTS

Lex looks at Tate and Lyle's bold £305m offer for Brooke Bond and considers whether it makes commercial sense. The column then moves on to examine the halftime figures from Nottingham Manufacturing and decides whether the performance justifies the poor relative showing by the shares over the past 18 months or so. Finally Lex reviews the implications of yesterday's general shake-out in the financial markets with particular reference to the oil sector. Elsewhere in the bids scene the well signposted bid for Henlys duly emerged from the Ashcroft/Wickins stable.

Nottingham Mnfg. up to £7.2m at midway

MANSFIELD-BASED textiles group, Nottingham Manufacturing Company, raised pre-tax profits from £6.85m to £7.18m for the first six months of 1984. Turnover increased by £8.22m to £98.7m.

The group points out that turnover and profits for the first half of the year are normally, due to seasonal factors, less than those for the second six months.

In the last full year, taxable profits advanced from £21.29m to a record £24.56m, on turnover of £230.69m (£214.37m). In his 1983 chairman's statement with accounts, Mr H. A. S. Djanogly said that although market conditions continued to be difficult, sales to date in 1984 were ahead of the corresponding period last year.

Opportunities for growth of business existed both organically and by acquisition, he added, and, with the resources available to the group, it was hoped to report a year of further progress.

After a higher six months tax charge of £2.37m, against £2.06m, mid-year earnings per 25p share were unchanged at 6p. The net interim dividend is however stepped up from 1.35p to 1.45p—last year, a total of 6p was paid.

Half-year trading profits dropped from £3.9m to £3.62m and the increase at the pre-tax level reflected a £0.6m rise in investment income to £3.56m. Net profits came out little changed at £4.81m, against £4.8m.

The group's activities comprise the manufacture of hosiery, knitwear, outerwear, leisurewear and tufted carpets; dyeing and finishing, warp and weft knitting, conversion of man-made fibres, semi-worsted and woollen spinning, precision engineering and leasing of assets to third parties.

	First half 1984	1983
	£000	£000
Turnover	98,703	90,488
Trading profit	3,621	3,895
Investment income	3,558	2,958
Profit before tax	7,179	6,853
Tax	2,369	2,056
Net profit	4,810	4,797
Dividends	1,162	1,079
Retained	3,648	3,718

See Lex

Allied Textile sustains progress in second half

PRE-TAX profits of Allied Textile Companies improved from £1.49m to £1.6m for the opening six months to March 31, 1984. Turnover increased by £2.16m to £15.19m.

Turnover of the textile businesses yielded profits of £1.23m, compared with £0.89m. In their interim report the directors say business here is being sustained although production in the second six months will be diminished by spring and summer holidays.

The value of financial investments continues to appreciate and the overall result (unrealised gains on financial investments rose from £1.04m to £1.42m in the year to end-March) is described as "satisfactory."

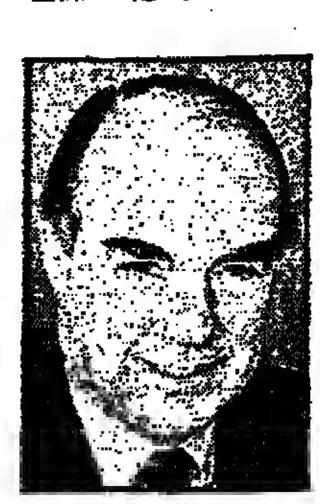
Investment management decisions will determine whether gains should be realised and credited to the group's profit and loss account prior to end-September 1984.

The group's established accounting policy prescribes that part of these unrealised gains be included in profits.

The net interim dividend is maintained at 2.82p from earnings of 10.21p (8.7p) per 25p share.

Tax for the half year was little changed at £761,000, against a previous £777,000.

In his last statement Mr C. R. Smith, the chairman, said that improved trading conditions (all group companies traded profitably in 1982-83) were still evident in many parts of the group.



Mr C. Russell Smith, chairman of Allied Textile Companies

He believed the group was benefiting from exchange rate movements and the diminished value of the pound.

Order books were said to be better than at the same time 12 months earlier in most group businesses.

Pre-tax profits for 1982-83 moved ahead from £3.19 to £3.5m although turnover slipped from £27.77m to £26.06m excluding inter-company trading.

• comment

The last Budget made Allied Textile an especially hard share to value. For the full year, pre-tax profits from textiles proper should be over the £2½m mark, but there is no saying how much the group will take in realised investment profits. Normal investment criteria apart, there are obvious attractions to leaving cash in non-interest bearing roll-up funds for another year or two until the corporation tax rate is lower. More generally, the tax charge will surely rise this year, given the group's heavy involvement in leasing in the past. But the textile side, from which Allied had shown signs of withdrawing, is experiencing a revival—based as much as anything else on the weakness of sterling—and orders are strong into the next financial year. At 287p—up 2p—the group is capitalised at around £23½m, against some £17½m in cash or near equivalent in the balance sheet. The implied £6m valuation of the textile business is plainly absurdly low; but this has been a feature of the share price for some years.

Equipu accelerates by 64% to £876,000

FURTHER PROGRESS through the second six months and acquisition benefits enabled Equipu to push its profits before tax up to £875,640 for the full year to April 30 1984 an improvement of 64 per cent over the previous year's £533,471.

From earnings of 14.13p (12.27p) the final dividend is being lifted from 2.2p to 2.7p for a net total 0.6p higher at 4p per 10p share.

Group turnover for the 12 months expanded from £6.68m to £8.55m, an increase of 28 per cent.

Placements of photocopying machines during the year have increased the group's base by 28 per cent and all the meterage contracts associated with these machines should ensure continued growth in meterage in the coming years.

The new range of Nashua copiers introduced last November helped the second half results and Mr Philip Bradshaw, the chairman, says the benefits "should continue."

In the general business division sales were good and the steps taken to correct the pressure on margins last year have been successful.

The acquisition of Datalink Micro Computer Systems, the details of which were first announced last December, helped to produce a "useful" contribution to profits, albeit for a four-month period only.

The company, now trading as Equipu Datalink, will be used for a platform for expanding the group's small business computer division.

Equipu's shares are traded on the Unlisted Securities Market.

• comment

The market marked Equipu's decisive move from the £400,000 to £600,000 pre-tax profit level, where it has languished since 1979, with a 5p increase in the shares to 135p. On a better day it might have done more, since at these levels Equipu trades on a historic p/e of only 9.5. This is very low given the company's prospects of building on its sound customer base in Bristol and the South-West, an area favoured by "hi-tech" companies and businesses relocating from London. The launch of a new range has improved the position of the biggest division, photocopiers, which is moving ahead in a difficult market. But the most rapid growth is likely to come from the small business computer division which has been transformed by the acquisition of Datalink, a loss-maker already turned into profit, which brought with it an IBM sales agency. Equipu has made two small acquisitions since the year-end and is likely to complete one or two larger ones in the near future. These should fit neatly into the group—expanding both the range of products sold and the number of customers on the books.

Mixed results from Britannic Assurance

Britannic Assurance experienced somewhat mixed results on its new life and pensions business during the first half of this year. New annual premiums declined over the period in both the ordinary and industrial branches, but single premium business was buoyant during the half year.

In the ordinary branch, new annual premiums fell nearly 10 per cent from £4.11m to £3.71m. However, last year's results were influenced by the changeover to MIRAS—the new system of crediting tax relief on mortgage interest. The loss of life assurance premium relief as yet seems to have had little impact—this year's business is well up on that for 1982.

The company experienced a 50 per cent rise in sales of self-employed pensions, included in the above figures, and the decline came from life business.

In the industrial branch, new annual premiums fell marginally from £12.68m to £12.56m—the fall being due entirely to the loss of premium relief affecting the second quarter results.

The underlying trend in the industrial branch showed a growth rate of around 8 per cent.

Single premiums in the ordinary branch rose slightly from £210,000 to £219,000, but single premiums on the unit-linked operations rose fourfold over the period from £425,000 to £1.72m.

• Record new life and pensions business in the first six months of this year is reported by United Kingdom Provident Institution. New annual premiums rose nearly 30 per cent from £18.4m to £23.1m, while single premiums climbed more than 70 per cent from £35.5m to £61m.

However, the company's growth in life business was hit by the withdrawal of life assurance premium relief in the Budget. Life business which was up 20 per cent ahead of the Budget, boosted by the leak of the loss of premium relief, virtually finished unchanged over the half-year. New annual premiums on life business over the half-year were 3 per cent up from £9.4m to £9.7m.

The growth in annual premium business came mainly from pensions, with a 53 per cent rise from £10m to £15.3m. The company's new money purchase group pension scheme and its AVC scheme saw group pension premiums triple from £3m to £9.6m.

Single premium life business nearly doubled over the period from £22m to £42.4m, thanks to the success of the income plan sales ahead of the Budget.

Amalgamated Foods

Amalgamated Foods, independent food wholesaler, swung round from losses of £565,000 to profits of £315,000 in the 52 weeks to April 28 1984. Sales held up at £221.64m, against £220.31m for the previous 53 weeks.

At the trading level, profits were little changed at £2.57m (£2.62m). Interest charges and exceptional debits however, fell to £2.07m (£2.65m) and to £180,000 (£540,000) respectively.

In the current year, the company's rationalisation policy will be completed with the closure of a small cash and carry warehouse. A further 200 accounts were closed in the course of the 1983-84 year, making 700 since the company's independence.

The board says there is now a healthy consolidated sales base from which to develop the future growth of the company.

Merrydown 89% ahead at £0.9m

Merrydown Wine, the Sussex wine and cider maker, made further real progress through the second six months and achieved record results for the full year to March 31, 1984.

On the back of a 26.9 per cent rise in turnover to £6.15m profits at the pre-tax level fully maintained the momentum of the previous year and surged by 88.5 per cent to £937,223.

Mr Ian Howie, chairman, says the results, in conjunction with last summer's highly successful £1.01m rights issue, have transformed the balance sheet.

A final dividend of 5p net per 25p share makes a total of 8p on the enlarged share capital—last year the group paid a single dividend of 5p. A scrip issue on a one-for-eight basis is also proposed.

Interim dividends were introduced during the year following a 97.9 per cent leap in mid-term profits to £363,227 — the group's shares are traded on the USM.

Mr Howie says that the £390,665 capital expenditure devoted to improving apple handling facilities, juice extraction and fermentation capacity has substantially increased the speed, flexibility and efficiency of the cider bottling line.

He adds that further improvements undertaken in the press house increased the extraction rate per tonne of apples and helped to offset higher prices paid for apples in the latter part of the season.

In the current year, approved capital expenditure amounts to £490,765, covering improvements to site and buildings and further uprating and addition to plant and machinery. Seven acres of freehold land on the same estate as the warehouse acquired in 1982 have also been purchased.

Despite the "savage" 47 per cent increase in cider excise duty in the March Budget, shareholders are told that June quarter sales topped £100,000 and showed a satisfactory advance over those of 1983. July volume is continuing this trend.

The chairman says that Merrydown has consistently outperformed the market with sales concentrated in the premium sector. He believes the group will make further progress in terms of sales and market share.

Apple harvest prospects look "reasonably encouraging" after the "June drop" and a further increase in throughput is expected.

Scope for further development has resulted from the acquisition of Merrydown's sole Scottish agent, Peter Thomson, by Stakis.

During the past year export sales exceeded £500,000 for the first time. Merrydown Country Wines made a "modest" overall advance due mainly to the growth in sales of 1066, the recently introduced sparkling Elderflower wine.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Abbey Panels ....int.	0.75	Sept 10	nil		nil
AE Engineering	nil	—	0.33	0.36	0.65
Allied Textile ....int.	2.82	Oct 2	2.82	—	7.24
Consultants Comptr.‡ int.	0.1	—	0.13‖	—	0.6‖
Equipu‡	2.7	—	2.2	4	3.4
G. F. Lovell	3¶	—	2	3	2
Merrydown Wine†‡	5	—	5	8	5
Norbain Electronics	1†	—	—	1	—
Nottingham Mnfg.	1.45	Dec 3	1.35	—	6.2
Security Centres	1.4	Oct 8	1.1	2.3	1.85
Rexmore	0.88	Oct 2	0.78	1.46	1.3
River & Mercantile int.	1.5	Oct 1	1.4	—	4.4

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ For 17 months. ‖ Adjusted for number of shares now in issue.

COMPANY NEWS IN BRIEF

Caledonian Offshore, a specialist in oil and gas exploration in the U.S. and offshore UK, reduced losses from £981,000 to £798,000 in the year to June 30 1984. There was again no tax.

Revenues from oil and gas sales jumped from £42,000 to £251,000 and interest receivable rose to £105,000 (£53,000), while other income added £18,000 (£37,000).

Losses were struck after administrative costs of £160,000 (£78,000), UK exploration costs written off £719,000 (£925,000), interest payable £103,000 (£70,000) and depletion, depreciation and amortisation totalling £190,000 (£42,000).

In order to fund future activities, the company is investigating the possibility of acquiring other companies with complementary asset structures.

During the year £46,500 of 4 per cent convertible unsecured loan stock 2000 was converted into 25,830 ordinary £1 shares. The directors will shortly be issuing a notice to loan stock holders to require them to convert their outstanding loan stock.

* * *

Pre-tax losses of **G. F. Lovelt**, a subsidiary of Kirby & West, reached £38,000 for the 17 months to March 31, 1884, against £19,000 for the previous year. Turnover of this confectionery maker amounted to £4.49m, compared with £3.1m.

Earnings per 25p share were 0.5p (2.2p losses) and the dividend for the 17 months period is 3p net, against 2p in the previous 12 months—Kirby & West is to waive the payment on its 723,885 ordinary shares (76.6 per cent of equity).

There was a tax credit of £46,000 (£1,000 charge) and also an extraordinary credit of £13,000 (£46,000).

* * *

Pre-tax profits of **Abbey Panels Investments** improved from a depressed £123,590 to £295,943 over the six months ended March 31 1984 and the company is resuming dividends after a lapse of two years with an interim of 0.75p net.

Although the directors are hopeful the improvement will continue they say they are not over-optimistic as the markets the group serves remain "fickle" and competition continues to be "intense."

Sales for the first half expanded from £3.73m to £4.25m — the group has interests in the design and manufacture of major assemblies for space, aerospace, defence and nuclear engineering.

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The directors of **Williamson Tea Holdings** say in their interim report that profit before tax should show a substantial increase over 1982-83.

Climatic conditions in North India are variable, with the monsoon rains earlier than usual. Drought conditions in parts of East Africa have adversely affected the crop but overall it is again the highest made to date.

The Indian Government lifted its ban on the export of CTC Tea on May 12, but some 18,000 chests of London auction and forward contract teas were detained and had to be sold in India.

It is difficult to forecast tea prospects for 1984-85, they say, but provided prices remain at around current levels and normal climatic conditions prevail, the trading profit should be in line with that of 1983-84. The English company should also be earning a satisfactory

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Pre-tax profits of £66,877 have been produced in the second half at **Harold Ingram** for the year to the end of April 1984,

More company news in brief Page 20

which eliminated first half losses and left profits up from £2,799 to £33,630.

Mr Harold Ingram, chairman, expects profits to improve substantially and enable the payment of a dividend at the next half-year stage.

Sales of this maker of knitted garments improved from £3.79m to £4.17m. The company has closed all small retail accounts and only manufactures for a few major customers, the two largest of which are British Home Stores and Littlewoods.

The company is 51 per cent held by Wasskon Establishment.

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Systems Designers International has received acceptances for all but 0.9 per cent of the 3.02m shares it offered on a one-for-four basis at 335p per share by way of rights, principally vendor consideration shares allotted in connection with the acquisition of Systems Programming Holdings for £10m. The balance of the issue has been sold at a premium in the market.

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Jefferson Smurfit Corporation, the U.S. subsidiary of the Dublin-based group, lifted second-quarter pre-tax income from $0.17m last time to $11.2m to give a six-month figure to June 30, 1984 of $19.66m, against $1.85m.

Net sales for the second quarter rose by 22 per cent from $144.99m to $176.34m, making the halfway total $338.23m ($283.1m)—a 15 per cent rise.

Net income reached $10.62m ($4.21m), with $6.06m ($0.38m) coming in the second quarter. Earnings during the six months reflected the strong market conditions prevalent in the period.

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Uniflex Holdings, the furniture make which proposes to change its name to Hunter, has had 92.2 per cent of its one-for-one rights issue of 2.43m shares at 45p taken up with the balance being sold in the market at a net surplus of approximately 0.8 per cent. The private food conglomerate, Hillsdown Holdings, has an 80.8 per cent stake in Uniflex.

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Synterials, the Dutch-based technology company which came to the USM last December, made a pre-tax loss of £360,000 in the 13 weeks to March 31, 1984, after charging interest of £381,000.

Tax charge was £165,000, leaving the attributable loss at £525,000. Loss per 10p share was 2.11p.

As at March 31, 1984, the company had a net cash balance of £15.51m, equivalent to 62.28p per share.

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Group pre-tax profit at **Robertson Research** was £1.82m for the year to March 31 1984, compared with £1.1m, and beating the forecast of not less than £1.7m in the offer for sale, completed last March.

Turnover rose to £15.78m (£14.86m). After tax and minority interests but before extraordinary income, the net profit was up from £765,000 to £1.12m. Earnings per share were 10.2p compared with 9.1p indicated in the offer and 7.1p for the previous year.

As stated in the offer, the directors do not intend to recommend a final dividend.

An interim dividend of 1p per share net has already been paid.

It is intended that an interim in respect of the current year will be declared in December for payment early in 1985.

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Doubled pre-tax profits of £303,000 against £154,000 are reported by **Kellock Trust** for the first half of 1984.

For the half year under review, turnover pushed ahead from £1.16m to £1.63m, while the tax charge was up from £66,000 to £125,000 leaving the net profit balance at £178,000 (£88,000). Minorities amounted to £93,000 (£52,000).

BASE LENDING RATES

A.B.N. Bank	12 %	■ Hill Samuel	§12 %
Allied Irish Bank	12 %	C. Hoare & Co.	†12 %
Amro Bank	12 %	Hongkong & Shanghai	12 %
Henry Ansbacher	12 %	Kingsnorth Trust Ltd.	10 %
Armco Trust Limited	12½%	Knowsley & Co. Ltd.	12½%
Associates Cap. Corp.	12 %	Lloyds Bank	12 %
Banco da Bilbao	12 %	Mallinhall Limited	12 %
Bank Hapoalim BM	12 %	Edward Manson & Co.	13 %
BCCI	12 %	Meghraj and Sons Ltd.	12 %
Bank of Ireland	12 %	Midland Bank	12 %
Bank of Cyprus	12 %	■ Morgan Grenfell	12 %
Bank of India	12 %	National Bk. of Kuwait	12 %
Bank of Scotland	12 %	National Girobank	12 %
Banque Belge Ltd.	12 %	National Westminster	12 %
Barclays Bank	12 %	Norwich Gen. Tst	12 %
Beneficial Trust Ltd.	13 %	People's Tst. & Sv. Ltd.	13 %
Brit. Bank of Mid. East	12 %	R. Raphael & Sons	12 %
■ Brown Shipley	12 %	P. S. Refson & Co.	12 %
CL Bank Nederland	12 %	Roxburghe Guarantee	12½%
Canada Permn't Trust	12 %	Royal Trust Co. Canada	12 %
Cayzer Ltd.	12 %	■ J Henry Schroder Wagg	12 %
Cedar Holdings	12 %	Standard Chartered	‖12 %
■ Charterhouse Japhet	12 %	Trade Dev. Bank	12 %
Choulartons	12½%	TCB	12 %
Citibank NA	12 %	Trustee Savings Bank	12 %
Citibank Savings	§12 %	United Bank of Kuwait	12 %
Clydesdale Bank	12 %	United Mizrahi Bank	12 %
C. E. Coates & Co. Ltd	12½%	Volkskas Limited	12 %
Comm. Bk. N. East	12 %	Westpac Banking Corp.	12 %
Consolidated Credits	12 %	Whiteaway Laidlaw	12½%
Co-operative Bank	*12 %	Williams & Glyn's	12 %
The Cyprus Popular Bk.	12 %	Wintrust Secs. Ltd.	12 %
Dunbar & Co. Ltd	12 %	Yorkshire Bank	12 %
Duncan Lawrie	12 %		
E. T. Trust	12½%		
Exeter Trust Ltd.	12½%		
First Nat. Fin. Corp.	11 %		
First Nat. Secs. Ltd.	10 %		
■ Robert Fleming & Co.	12 %		
Robert Fraser	12 %		
Grindlays Bank	‡12 %		
■ Guinness Mahon	12 %		
■ Hambros Bank	12 %		
Heritable & Gen. Trust	12 %		

■ Member of the Accepting Houses Committee.
* 7-day deposits 8.75%. 1-month 9.50%. Fixed rate 12 months £2,500 10.75% £10,000. 12 months 11%.
† 7 day deposits on sums of under £10,000 8¼%. £10,000 up to £50,000 9¼%. £50,000 and over 10%.
‡ Call deposits £1,000 and over 8¼%.
§ 21-day deposits over £1,000 9¼%.
‖ Demand deposits 8¼%.
¶ Mortgage base rate.

UK COMPANIES

BIDS AND DEALS

AB Engineering £0.26m in the red and final omitted

FOLLOWING THE chairman's warning in April of a small loss for the 12 months ended March 31 1984, Associated British Engineering turned in a pre-tax deficit of £258,000 for the period, as against £1.02m profits before.

There is no final dividend and the interim of 0.358p net therefore compares with the previous year's total payout of 0.65p per 12½p share. Losses per share were 1.74p, compared with 5.15p earnings.

As expected, substantial extraordinary provisions have been made, amounting to £756,000 (£112,000). These were mainly related to the cessation of marine diesel manufacture.

At the interim stage, in December, when reporting a slight rise in profits to £394,000 (£380,000), Mr A. R. Belch, the chairman, warned that the cancellation of an export contract, together with uncertainties and delays in other export markets, meant that the company was unlikely to achieve the same pre-tax profit in the second half as in the first.

Four months later, he confirmed that the progress achieved during recent years had not been maintained in the second half. A number of unexpected difficulties had arisen, particularly in the last four months. These largely related to losses at British Polar Engines due to cessation of marine diesel manufacture, and also to a substantial fall in export sales elsewhere in the group—arising in certain cases from special circumstances.

These had caused a significant loss in the second half, but the board anticipated a return to profit in the current year.

Operating profits for the 1983-84 year declined from £1.68m to £411,000. These were split as to:—distribution £317,000 (£518,000), electrical £114,000 (£802,000) and engineering £20,000 loss (£361,000 profit).

Pre-tax figures were struck after interest of £644,000 (£675,000) and associates' losses of £25,000 (£13,000 profits). Tax took £47,000 (added £27,000) and minorities accounted for £28,000 (£125,000).

Consultants Computer in loss: interim payout cut

Consultants (Computer & Financial) plunged £131,444 into the red for the first half of 1984 and although the company is expected to return to the black in the second half, the interim dividend is effectively being reduced from 0.18p to a 0.1p in view of the full year expectation.

The "disappointing" half-year results (profits of £199,535 were made before) were attributable to installation difficulties in Hong Kong and their knock-on effect and market conditions.

The difficulties in Hong Kong, referred to by the directors in May, were of a technical nature and considerable resources were diverted to their solution.

Some areas of corporate policy have now been reviewed and the necessary changes implemented to prevent similar problems occurring.

The directors say the UK financial services sector has entered a period of uncertainty due to the significant changes taking place, particularly in stockbroking, the group's prime area of business.

They point out that this has had a delaying effect on data processing decisions under consideration by prospective clients.

Funds have been allocated to the future development of the group's securities industry products and a major recruitment drive has also begun. Positive results are expected to emerge from these moves in 1985. The group's shares are traded on the USM.

BOARD MEETINGS

TODAY

Interims:—Barlow Holdings, Britannic Assurance, C.S.C. Investment Trust, Derby Trust, Leda Investment Trust, Updown Investment, Willoughby's Consolidated.

Finals:—AAH, John Brown, F & C Eurotrust, Kenyon Securities, Munford and White, Singlo.

FUTURE DATES

Interims:—

Banro Industries	Sept. 14
European Assets Trust	July 27
Ocean Transport and Trading	Aug. 1
VG Instruments	Sept. 12

Finals:—

Ailsa Investment Trust	July 30
Black (Peter)	Aug. 2
Mid Wynd International Investment Trust	Aug. 10
Park Food	July 30
R.E.A.	July 26
Radiant Metal Finishing	July 26
Restmor	Aug. 14
Trent Holdings	July 27
Wagon Industrial	July 27
Wetsham's	July 26

Alexander Nicoll looks at Midepsa's bid for Henlys

£17m approach gets cool reception

Henlys, a leading BL distributor, reacted coolly yesterday to a £16.8m bid from an investment vehicle of Mr Michael Ashcroft's Hawley Group and Mr David Wickins' British Car Auctions.

The bidder is Midepsa, a Montreal-quoted company which is absorbing some of the diverse investment interests of Hawley and BCA. It is in the final stages of taking over the limousine maker Coleman Milne, which holds 29.9 per cent of Henlys.

Midepsa is offering 120p per share in cash for Henlys. Mr John Dowling, the Henlys chairman brought in last year to turn the group round, said: "I think a bid has to be higher than 120p to get a recommendation from Henlys' board."

He also wanted more information on the Hawley/BCA plans for Henlys' future.

The response of the Bank of Scotland, which holds a 29.6 per cent stake in Henlys, will be crucial. Mr E. R. Hazelhurst, Henlys deputy chairman and the Bank of Scotland representative on the board, made no comment on the bid yesterday but has previously said Bank of Scotland would support a bid made to all shareholders if it had the support of the Henlys board.

Yesterday's bid followed months of manoeuvring among Henlys' shareholders. In June, the Hawley Group challenged Henlys and the Bank of Scotland by seeking Henlys' support for a 120p per share bid and, when this offer was rejected, saying Coleman Milne was prepared to sell its stake to any party which won Henlys' recommendation.

"No rusty knight came forward," Mr Ashcroft said yesterday. Midepsa, in a remarkably brief offer document, argued that the failure of any other buyer to appear supported its view that its 120p offer was generous.

Different criteria

Henlys, advised by Hill Samuel, rejected this view, saying the presence of two major shareholders would inhibit potential buyers of a minority holding. The right level for a bid for the whole company, it argued, should be judged on different criteria.

In particular, Henlys has promised a property revaluation which is expected to produce net assets per share substantially above the bid price. Henlys will also argue that it is being rapidly turned round after four years of losses.

Under Mr Dowling, Henlys has been selling off unprofitable subsidiaries and has reorganised its management structure. Although principally a BL dealer, it also distributes Vauxhall, Ford, Renault and Nissan cars.

In the half-year ended March 31, 1984, Henlys showed an operating profit of £163,000 compared with a loss of £1.45m. But its pre-tax loss was £948,000 against £2.61m on turnover of £113.2m.

Mr Wickins, chairman of BCA, Attwoods and Group Lotus, said yesterday that Henlys had been underperforming, especially in London, and that the company could be returned to profit quickly. "Henlys will survive in London as a very powerful outlet for the Leyland motor car," he said. Garages outside London, he added, could be sold off to their managements.

Mr Ashcroft and Mr Wickins said their ultimate intentions for Henlys were not certain. It could be floated off once profitable, or combined with other Midepsa interests if they were suitable.

Once various share transactions are completed, Hawley will own some 40 per cent of Midepsa and BCA will own 25 per cent. Mr Ashcroft described Midepsa's role yesterday as the vehicle for investments that were "not mainstream."

Hawley and BCA both suffered City criticism because their frequent share dealings—in companies such as the Miss World Group and Pineapple Dance Studios—made it unclear what the companies regarded as their core businesses. Hawley says its core operations are contract cleaning, alarm systems and home improvements.

Canadian base

Midepsa was formed to house these non-core investments. Mr Ashcroft said one of the advantages of a Canadian base was that it could have both investment and trading interests simultaneously.

In addition to minority share stakes in a variety of British and North American companies, Midepsa will own all of Coleman Milner and, if successful, Henlys.

A further advantage of the Canadian listing was that no capital gains tax is payable on sales of Midepsa shares. Mr Ashcroft said the Hawley/BCA holdings in Midepsa would probably be diluted by further transactions, but that Hawley and BCA were barred from selling the Midepsa shares for three years under an agreement with the Quebec Securities Commission.

Midepsa's share capital has been drastically expanded through the issue of its shares as payment to Hawley and BCA.

Henlys shares rose 4p to 124p yesterday, while Hawley fell 4p to 63p and BCA rose 1p to 84p.

Finlan advisers to issue new circular in bid for Lincroft

The Arab Banking Corporation, advisers to John Finlan, the building and development company chaired by Mr Graham Ferguson Lacey, was last night preparing to issue a new circular to shareholders in Finlan's battle for control of Lincroft Kilgour.

The move follows representations to the Panel on Takeovers and Mergers by Lincroft Kilgour, the cloth merchanting and menswear manufacturing concern, which complained about Finlan's last bid document.

Mr Tony Holland, chairman of Lincroft, complained that in a graph "purporting to compare" the two companies' profits before tax records "they have used the pre-tax profits of Finlan but the post-tax profits of Lincroft."

Mr Peter Earl of Arab Banking Corporation said yesterday that "it was a genuine mistake which we would not have made in the first place had we known. But it does not alter our conclusions which we made in the document."

Mr Holland said yesterday that Lincroft Kilgour directors would not be accepting the Finlan bid of 25 of its shares for 41 Lincroft shares in respect of their own beneficial holdings representing some 16.4 per cent of the company's issued share capital. He urged shareholders to reject the offer.

Cullens to enter talks

Cullens Stores, the grocer and wines and spirits merchant, said yesterday that it intended to enter into exploratory talks with another party which may or may no lead to "a closer association with the party concerned."

Cullens board moved yesterday following speculation in the stock market. It said that the board had been approached by a shareholder of less than 5 per cent of the ordinary shares of the company, "who stated that he intended to acquire additional shares but wished to meet with the board for a discussion prior to doing so. The shareholder also requested board representation."

The group pointed out that the board was not permitted to make information available to one shareholder which was not available to all.

BIDS AND DEALS IN BRIEF

The de-merger of Bowater's UK and U.S. interests was completed yesterday and dealings in Bowater Industries will begin in the UK today. London dealings will also begin in the common stock of Bowater Inc, already listed on the New York Stock Exchange.

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A director of Priest Marians Holdings, once a giftware company which now owns the property in Tonbridge on which its factory was sited, is bidding for shares other than the 44.94 per cent he and associates already own.

Mr Simon Fussell, the bidder, plans to keep the listing. He is offering 450p in cash for each ordinary share and 80p for each preference share, valuing the company at £729,773. The chairman, Mr M. U. Rosenbaum, is recommending acceptance of the offer.

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Grovewood Securities purchased 100,000 new ordinary shares in Marshalls Universal on July 20 and 99,000 new ordinary on July 23, which makes its total holding 4.8m ordinary shares. In yesterday's paper it was incorrectly stated that Marshalls had purchased Grovewood shares.

Mr Sandy Saunders has resigned as chairman of Francis Industries. His departure took effect last Thursday and follows a heated, but abortive, takeover attempt by Mr David Abell's Suter group.

Last September Suter picked up a holding of over 7 per cent in Francis and eventually launched a full takeover six months later, having built up a stake of about 25 per cent.

In May Suter had to let the offer lapse but by then it had increased its holding in Francis to over 42 per cent. At the time Mr Abell made clear his intention of pursuing Francis "We shall camp on their lawn," he said.

Mr Don Crosby, managing director of F. Francis and Sons, was elected to Francis' board last Thursday.

* * *

Virani Group UK has increased its holding in Rowton Hotels to 491,250 ordinary shares (12.88 per cent). Belhaven Brewery's stake remains at 407,750 shares (10.69 per cent) and their combined holding therefore now represents 23.57 per cent of Rowton's issued ordinary share capital.

* * *

Crown House has agreed terms subject to shareholders' approval and tax clearance from from the Inland Revenue, whereby Neatkirk, owned by Miss Gillian M. Eustance and certain other investors, will acquire from Lygon Securities, a subsidiary of Crown House, Senior Secretaries for £575,000 in cash, payable on completion, together with repayment of debts amounting to £80,000.

Crown House has recently received from Senior Secretaries a net interim dividend of £50,000 for the current year.

Miss Eustance will resign as a director of Crown House and as an executive of the group without compensation.

Crown House will use the proceeds in the expansion of electrical and mechanical services and tableware divisions.

An EGM will be held at 2, Lygon Place, Ebury Street, SW, on August 3 at 10 am.

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Robert Fleming Investment Management has disposed of its total holding of 1.32m ordinary shares in Harrison Cowley following acceptance of the Saatchi and Saatchi offer.

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Harrison Malaysian Plantation's scheme to acquire the share capitals of Doranakande Rubber Estates, Kinta Kellas Rubber Estates, Malaysia Rubber Company and Sungei Bahru Rubber Estates, became effective today.

The boards of Doranakande Rubber Estates and Malaysia Rubber Company have respectively declared terminal dividends of 7.5p and 4p per share.

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Renwick Group has completed the sale of its Jersey businesses — Blue Coach Tours, Allens Holidays and Allens Travel Bureau — to W. E. Gulton and Company for a cash consideration of £448,000.

At the effective acquisition date, March 31 198, the net assets included in the sale amounted to £246,000. In the year ended March 1984 profits before tax earned by these businesses amounted to £49,000.

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Calizo Holdings, the owner of Lloyds broker C. Howard, has purchased 80 per cent of the shares in Lloyds broker Anthony Popple & Co. and has agreed to purchase the remaining 20 per cent.

The shares in both Howard and Popple are being transferred into a new holding company.

Robert Fraser & Partners initiated the transaction and assisted in the negotiations.

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Moorgate Mercantile Holdings has acquired Mortgage Management & Investments from the four directors of MMI. The consideration of £750,000 was satisfied by the issue of 3m new ordinary shares in MMH.

Certain of the shares issued have been placed by the company's brokers. The vendors of MMI have undertaken not to dispose of the remaining shares issued as consideration, except for shares to the value of £20,000, within a period of 12 months in the absence of special circumstances.

MMI was licensed by the Bank of England as a deposit taking institution and, based in South Harrow, specialises in lending to the purchasers of retail businesses. At the end of 1983, its net assets were £1.16m, before deducting deferred revenue of £0.52m and a provision for administration and collection costs of £0.13m.

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Seemala Corp, a subsidiary of the Ivan F. Boesky Corp has acquired an aggregate of 350,000 ordinary shares.

The shares were purchased as follows: 125,000 at 71p on July 16, 25,000 at 72½p on July 17, 25,000 at 75p on July 18, and 175,000 at 75½p on July 19, increasing its interest to 1.6m ordinary and 4.13m capital shares.

The purchase increases the beneficial interest of Ivan F. Boesky, the controlling shareholder of the Ivan F. Boesky Corp to 2.88m ordinary (8.79 per cent) and 9.39m capital (79.77 per cent.

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Johnson Group Cleaners has acquired J. W. Enterprises of Wichita, Kansas, for $5.5m (£4m) cash.

J. W. Enterprises is a retail dry cleaning and garment rental business.

Pre-tax income for 1983 was $650,000 on sales of $8.7m and net assets purchased are $1.8m. Annual sales for 1984 are estimated at $10.5m.

UK COMPANY NEWS

Rexmore higher at £0.65m and payment up

DESPITE a marginally lower second half result of £362,000, against £371,000, Rexmore, the upholstery wholesale and textiles group, ended the year to March 31 1984 with pre-tax profits ahead from £561,000 to £647,000. Turnover fell from £31.26m to £26.79m.

The directors believe that measures taken last year to improve liquidity and the continuing development of new products will ensure progress during the current year.

Turnover and profits of British Trimmings Group, sold to Berisfords on April 29 1983, are included in results for the month of April 1983 only.

Earnings per 25p share increased from 2.86p to 4.69p and the final dividend is up to 0.86p (0.775p) for a higher total of 1.46p (1.3p) net.

Operating profits were down from £1.17m to £831,000, but associates' contributions added £279,000 (£44,000) and interest payable fell from £657,000 to £439,000. There was also a £24,000 loss this time on discontinued operations.

Tax took £44,000 (£146,000), minorities £8,000 (£7,000) and there was an extraordinary credit of £47,000 as against a £122,000 debit previously.

Romai Tea forecasts improvement

The directors of Romai Tea Holdings say pre-tax profits for 1983-84 should show a "substantial increase" over 1982-83 provided tea prices remain at their current levels and normal climatic conditions prevail.

It is pointed out that some 1,200 chests of London auction forward contract teas were detained and had to be sold in India because of the ban on the export of CTC teas which was lifted on May 12.

Settlement has been achieved with the Indian tax authorities. An amount of some £47,000 has been paid in settlement of the alleged tax liability. The quantum of profit remittance still outstanding amounts to approximately £108,000 and will be remitted as soon as the tax assessments of the former sterling company have been finalised and agreed.

All five instalments of the unsecured loan due from Majuli Tea Company (India) have been received. That company has also declared an interim dividend of 10 per cent in respect of year 1983-84 of which the parent company's share of £16,649 has now been received.

MINING NEWS

Stronger iron ore demand lifts Hamersley at halfway

BY GEORGE MILLING-STANLEY

A MARKED increase in demand for iron ore helped Hamersley Holdings, the big producer in Western Australia's Pilbara region, to boost net profits for the first half of the year by almost 14 per cent.

The increased profits of A$48.5m (£28m) for the six months to the end of June came in spite of a 12 per cent cut in prices from April 1, negotiated by the Japanese steelmakers which are Hamersley's main customers.

After last year's sharp rise in profits to A$89.2m, the company warned that there was likely to be a very significant fall this year. The latest report clearly gives grounds for greater optimism about the future for Australia's iron ore producers.

The strengthening in demand became apparent late in the first quarter, and led to a rise of one-fifth in sales volume compared with the opening six months of last year.

The recovery in demand has been greater than required by the modest increase in steel production in the major markets, Hamersley said yesterday, and also reflects higher production of pig iron for steelmaking in the wake of the decreased competitiveness of scrap.

Shipments outweighed production in the period, totalling 18.9m tonnes against output of 15.7m tonnes. Hamersley was also able to take advantage of disruption to exports from India to sell from its stockpiles at the port.

Efforts to lift production to meet the higher level of demand were hampered by planned maintenance and modification programmes, but the company said it now has the capacity to meet the additional demand.

CRA, in which the Rio Tinto-Zinc group has a 52.9 per cent interest, owns 93.7 per cent of Hamersley.

Another hopeful sign for the industry came in the form of the June quarter production report from the Mount Newman joint venture, owned as to 30.4 per cent by CSR. This showed that the project increased its output for the three months from 5.83m tonnes to 7.99m tonnes, reflecting the build-up in export demand.

● DESPITE a modest profit in the second quarter of this year the RTZ group's Canadian Lornex producer of copper and molybdenum in British Columbia is showing a net loss for the first half of C$1.94m (£1.11m). It compares with net earnings of C$3.53m in the same period of 1983.

The deterioration is blamed on lower prices for copper and silver, a decline in production of copper and molybdenum and higher mine operating costs. The tonnage of ore milled was 5 per cent down on that of a year ago as a result of a component change in one of the autogenous mills.

The latest results include the Lornex 39 per cent share in the Bullmoose coal project in north-east British Columbia. The venture started operations on January 1 this year and Lornex's share of the coal production was approximately 320,000 tonnes for the first half of 1984.

● THE grade of ore mined continues to decline at the RTZ group's Bougainville copper-gold operation in Papua New Guinea. During the second quarter of this year the grade of copper ore milled fell sharply to 0.4 per cent from 0.46 per cent while that of gold dropped back to 0.47 grammes per tonne after having improved to 0.56g in the previous three months.

For the first half of this year the copper grade has averaged 0.43 per cent compared with 0.47 per cent a year ago while that of gold has averaged 0.52g against 0.58g.

In order to offset the effects of the decline in ore grades, Bougainville has been installing additional ball mills to handle a higher ore throughput. Even so, the total metal content of the concentrates produced in the first half of this year has fallen.

The copper content comes out at 88,195 tonnes against 93,047 tonnes in the first half of 1983 while the gold content has declined to 8,841 kilogrammes against 9,329 kg. Silver has been maintained at 23,837 kg against 23,881 kg.

Anglovaal takes stake in BHP South African coal venture

SOUTH AFRICA'S Anglovaal mining finance house and the U.S. Utah International resource group (now a subsidiary of Australia's Broken Hill Proprietary) are to link up in joint South African coal and gold ventures.

The coal deal involves the purchase by Anglovaal of a 30 per cent stake in Eloff Mining, a subsidiary of Utah. The consideration is R6.57m (£3.34m) payable over five years.

Eloff is taken from Utah rights to proven coal reserves of some 1bn tonnes near Delmas in the Transvaal. According to Mr Ken Barnard, managing director of Utah's South African exploration subsidiary, these are among the last large strippable coal deposits.

It is hoped that the open-pit coal deposits will be developed as feed stock for a new power station. "When Escom (the state electricity authority) next calls for tenders for coal supplies for a new power station Eloff intends to submit a tender," said Mr Barnard.

He pointed out that following a tender call to feed a new power station it would take at least six years before mine development was started. "This means that as far as Eloff is concerned we are looking at a long-term project," he added.

Anglovaal pioneered the oil-from-coal process in the 1930s and Mr David Crowe, the group's financial director said: "We're very satisfied with the deal. It has been part of Anglovaal's long-term strategy to become more involved in the energy field.

Participants in Anglovaal's 30 per cent stake in Eloff will be Anglo-Alpha 50 per cent and Middle Witwatersrand (Western Areas) 24.5 per cent, leaving Anglovaal with 25.5 per cent of the holding.

Gold comes into the picture for Utah via the decision to acquire at historical cost 30 per cent of Sun Prospecting and Mining, an Anglovaal-Middle Wits gold exploration company with an area of some 40,000 hectares to the north of Allanridge and south of Bothaville in the Orange Free State.

COMPANY NEWS IN BRIEF

Net asset value per £1 ordinary share fell from 323p to 274.8p in the six months to June 30 1984, having stood at 303.4p at the comparable stage last year, at Child Health Research Investment Trust.

Income rose from £73,000 to £140,000 including net profits on dealings in securities by its subsidiary Frankrate and underwriting commissions.

* * *

The Warehouse Group of fashion boutiques has reported an increase in taxable profit from £178,000 to £265,000 in the year to March 31, 1984.

The final dividend of 3.75p net compares with 3.125p last time, there being no interim. Earnings per ordinary 25p share are stated as 36.3p (33.6p) basic, and 33.8p (33.6p) fully diluted.

Sales were up from £3.82m to £4.75m, from which operating profit emerged at £266,000 (£193,000). Interest took £1,000 against £15,000, and tax £5,000 (£17,000).

* * *

Pre-tax profits of the Commercial Bank of Wales rose from £625,000 to £777,000 for the first half of 1984. Earnings per £1 share increased from 7.7p to 9.1p.

At the attributable level, profits moved ahead from £385,000 to £457,000, after tax £80,000 higher at £320,000.

* * *

A sales increase of more than £1m to £3.92m pushed the pre-tax profits of Symonds Engineering up 72 per cent to £284,000 for the year to March 31.

The precision engineer, sheet metal worker and jig and tool maker, based in Cheshunt, Herts, has proposed an increased final dividend of 0.6125p (0.5625p) making a total of 0.85p (0.785p).

After tax of £81,000 (£62,000), earnings per share are shown at 1.997p (0.941p).

* * *

Net asset value per 25p ordinary share in Fleming Technology Investment Trust rose slightly from 163p to 164.3p in the year to May 31 1984, but the final figure is a fall from the 176.9p reported at midway.

The final dividend is effectively raised from 1.35p net to 1.4p to lift the total by 0.05p to 2.2p.

Net revenue before tax was £1.34m against £1.28m, from which tax took a roughly similar £466,834 (£449,458).

The dividend absorbed more at £867,868, up from £848,144.

* * *

Turnover of Dewhurst & Partner rose from £1.66m to £1.83m in the 26 weeks to April 1, 1984, and pre-tax profits of this maker of electric and motor control equipment moved up from £57,660 to £67,360.

Tax took £20,000 (£17,000) giving net profits up from £40,660 to £47,360. Earnings per 10p share improved from 0.56p to 0.66p and the net interim dividend is higher at 0.25p (0.225p)—last year's total was 0.675p.

APPOINTMENTS

National Freight changes

Senior appointments have been made in the employee-owned NATIONAL FREIGHT CONSORTIUM. Mr David White, group managing director, Pickfords Group, has been appointed group managing director of the NFC Property Group, and Mr Clive Beattie, managing director Tankfreight, has been appointed group managing director, National Services Group, both from October this year. Mr White has also been named as a second deputy chairman from June 1985, succeeding Mr Victor Paige who will retire but will remain on the board. Mr Trevor Larman, currently group finance director of BRS Group, has been appointed NFC finance director UK, from January 1985 when Mr James Watson becomes deputy chairman (finance). From October, three of NFC's operating companies, currently incorporated in the Group structure, will be given direct representation on the NFC executive board through their respective managing directors, namely: Mr Richard Gapper, Pickfords Travel; Mr Denis Olliver, Pickfords Removals; and Mr Ron Sawbridge, Tempco Union. Mr Beattie and Mr Larman will also become mebers of tmhe executive board. From October, Pickfords will no longer be a separate group. Several of the existing Pickfords Group companies will remain together under the control of a revived special traffics group and will be joined by Fleetcare. Until early next year Mr White will have responsibility for this group. National Services Group will comprise Fashionflow, Freight Computer Services, National Carriers Contract Services and Tankfreight. The other groups remain unchanged.

*

WALKER CROSWELLER AND CO. has appointed Mr Simon C. Wheeler marketing director. He joins from Acrow, where he was marketing director of a subsidiary producing water treatment products.

*

Mr S. D. (Jim) Wilks, previously chief executive of British Overseas Trade Board and Under Secretary ECGD, has been appointed regional director of JAMES HALLAM, insurance brokers, with special responsibility for export business.

*

Mr Keith Daniels has been appointed a partner in PEAT MARWICK'S Sheffield office.

*

Mr Geoffrey J. N. Knight has been appointed a director of HENRY ANSBACHER AND CO.

FINANCIAL TIMES

Tuesday July 24 1984

Shortage may help Japanese rice farmers, Page 32

WALL STREET

Output data deal a big blow

A SEVERE blow was dealt to Wall Street yesterday by the Commerce Department's revised estimates on gross national product which indicated a growth rate of 7.5 per cent in the second quarter, *writes Terry Byland in New York.*

This was substantially higher than market predictions and a far cry from the Department's original estimate of 5.7 per cent growth, which shocked the market a month ago.

The bond market fell by around three quarters of a point, and the Dow Jones industrial average quickly plunged more than 12 to within a couple of points of the most recent low of 1,086.90 reached in mid-June.

Towards the end of the session, there was a swift turnround in the bond market when the professional traders swung to the view that today's publication of the latest consumer price index will show a more favourable trend than anticipated. In the absence of retail interest, bond prices recovered rapidly.

The stock market rallied in the wake of the bond market, and there was increased buying interest. The Dow Jones industrial average ended a net 4.75 points down at 1,098.82, on turnover of 78.3m shares.

The bond market's key long dated issue, the 13¼ per cent of 2014, dipped beneath par value at one stage. The sharp upward revision of GNP estimates was regarded as strengthening the chances of a tightening of Federal Reserve credit policies.

On Friday, the Fed drained market cash by means of matched sales of Treasury securities, often seen as a tightening move by the authorities. The federal funds rate remained high at 11⅞ per cent yesterday.

This week brings a further test for the bond market in the form of tomorrow's appearance before the Senate Banking Committee of Mr Paul Volcker, the Fed chairman, in one of his few public discussions of Federal Reserve policies.

In the stock market, selling pressure was not heavy, although across the full range of the market, falls outnumbered gains by about five-to-one. A fall of around 18 per cent in the total of block trades indicated that the institutions were standing on the sidelines.

The opening of annual wage negotiations saw the Detroit motor stocks easier, with Ford an early $⅝ off at $37⅜, General Motors ¾ down at $68⅞ and Chrysler $⅝ lower at $26⅜, despite last week's disclosure of record profits for the second quarter.

The reporting season among the major chemical issues opened with Union Carbide $⅝ off at $48 after results. The much battered pharmaceuticals sector bad Smithkline Beckman $⅝ down at $53⅝ and Schering Plough $⅝ off at $34⅝, both after reporting second quarter trading results. But Eli Lilly recovered $2⅝ of recent losses to stand at $53¾.

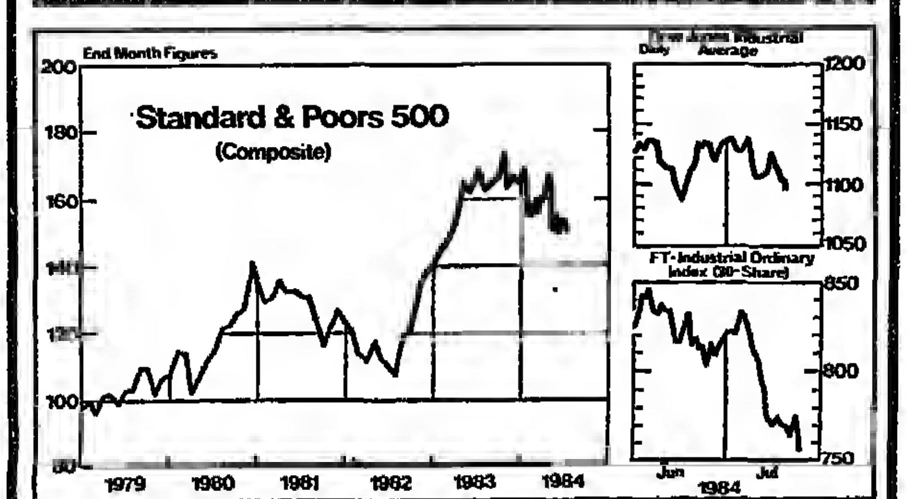
Oil shares, also poised for trading news, had Standard Indiana $⅝ off at $54⅝ on its profit figures. Exxon at $40⅝ shed $⅝.

In the steel sector, Armco shaded $⅛ lower to $12⅛, and Wheeling-Pittsburgh $⅛ to $20⅝ on their respective quarterly statements.

Sears Roebuck, the world's largest retailer of general merchandise, dipped $⅛ to $30½ after good results, marred only by weakness in the financial services divisions which have been the group's favoured expansion areas.

The credit markets settled down at mid-session, and bond prices rallied slightly from their lowest levels. The key long bond at 100⅝ was trading some ⅝ down on the day. Short-term rates remained firm behind the federal funds rate. Today brings further indications of the progress of the U.S. economy, when the consumer price index and durable goods order data will be released.

KEY MARKET MONITORS



STOCK MARKET INDICES

NEW YORK	July 23	Previous	Year ago
DJ Industrials	1,098.82	1,101.37	1,231.17
DJ Transport	447.33	451.75	579.06
DJ Utilities	124.28	123.70	131.50
S&P Composite	148.95	149.55	168.89
LONDON			
FT Ind Ord	755.3	776.2	700.9
FT-SE 100	986.9	1,009.8	960.9
FT-A All-share	465.83	473.41	444.51
FT-A 500	501.28	510.19	482.60
FT Gold mines	490.3	509.8	654.8
FT-A Long gilt	11.40	11.28	10.78
TOKYO			
Nikkei-Dow	9,703.35	9,945.27	8,993.4
Tokyo SE	750.09	763.18	664.08
AUSTRALIA			
All Ord.	675.0	680.9	668.7
Metals & Mins.	408.0	415.2	593.4
AUSTRIA			
Credit Aktien	53.51	53.52	55.39
BELGIUM			
Belgian SE	closed	141.94	128.8
CANADA	July 23	Prev.	Yr ago
Toronto			
Metals & Minls	n/a	1,695.8	—
Composite	2,080.1	2,119.8	2,493.9
Montreal			
Portfolio	100.95	102.49	123.88
DENMARK			
Copenhagen SE	186.21	186.25	181.63
FRANCE			
CAC Gen	159.3	159.0	127.8
Ind. Tendance	102.6	102.0	80.5
WEST GERMANY			
FAZ-Aktien	320.41	324.10	328.92
Commerzbank	922.0	932.6	974.9
HONG KONG			
Hang Seng	747.02	801.10	1,086.90
ITALY			
Banca Comm.	208.18	208.19	197.45
NETHERLANDS			
ANP-CBS Gen	147.0	150.8	137.4
ANP-CBS Ind	119.9	122.3	111.9
NORWAY			
Oslo SE	249.14	244.14	193.91
SINGAPORE			
Straits Times	873.86	873.77	949.61
SOUTH AFRICA			
Golds	835.2	846.3	914.2
Industrials	937.2	954.7	915.6
SPAIN			
Madrid SE	126.18	127.07	120.34
SWEDEN			
J & P	n/a	1,469.47	1,380.78
SWITZERLAND			
Swiss Bank Ind	357.9	360.5	340.1
WORLD	July 20	Prev	Year ago
Capital Int'l	167.4	168.3	181.1

GOLD (per ounce)

	July 23	Prev
London	$336.50	$341.25
Frankfurt	$335.25	$342.00
Zurich	$335.00	$342.00
Paris (fixing)	$335.97	$346.85
Luxembourg (fixing)	$333.00	$347.50
New York (July)	$337.40	$339.30

* Latest available figure

CURRENCIES

(London)	U.S. DOLLAR July 23	U.S. DOLLAR Previous	STERLING July 23	STERLING Previous
$	–	–	1.319	1.324
DM	2.876	2.858	3.79	3.7825
Yen	246.9	244.85	325.75	323.75
FFr	8.8275	8.7625	11.635	11.61
SwFr	2.441	2.4175	3.2075	3.2025
Guilder	3.2555	3.225	4.29	4.27
Lira	1768.0	1755.0	2327.5	2323.5
BFr	58.175	57.795	76.7	76.5
C$	1.32625	1.32825	1.7465	1.758

INTEREST RATES

	July 23	Prev
Euro-currencies (3-month offered rate)		
£	12⅛	12⅛
SwFr	4⅞	4¹⁵⁄₁₆
DM	5⅞	5⅞
FFr	12⅝	12½
FT London Interbank fixing (offered rate)		
3-month U.S.$	12⅛	11⁷⁄₁₆
6-month U.S.$	12⅝	12⅛
U.S. Fed Funds	11⁹⁄₁₆	11⅝
U.S. 3-month CDs	11.80	11.85
U.S. 3-month T-bills	10.21	10.14

U.S BONDS

Treasury		July 23* Price	July 23* Yield	Prev Price	Prev Yield
13	1986	100⅝	12.85	100⁹⁄₃₂	12.80
13⅞	1991	101⅞	13.38	101²⁹⁄₃₂	13.32
13⅛	1994	98⅝	13.37	98⁵⁄₃₂	13.33
13¼	2014	100⅝	13.22	100⁵⁄₃₂	13.18
Corporate					
AT&T					
10⅜	June 1990	87⅝	13.35	87⅝	13.35
3⅞	July 1990	70⅝	10.70	70⅝	10.70
8⅝	May 2000	68⅝	13.70	68⅝	13.70
Xerox					
10⅞	March 1993	83⅝	13.75	83⅝	13.75
Diamond Shamrock					
10⅞	May 1993	82⅝	13.85	82⅝	13.85
Federated Dept Stores					
10⅞	May 2013	76⅝	14.00	76⅝	14.00
Abbot Lab					
11.80	Feb 2013	85	13.95	86	13.95
Alcoa					
12⅝	Dec 2012	85⅝	14.35	85⅝	14.35

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
Sept	62-19	62-22	61-21	62-06
U.S. Treasury Bills (IMM) $1m points of 100%				
Sept	88.48	89.50	89.25	89.38
Certificates of Deposit (IMM) $1m points of 100%				
Sept	88.07	88.08	87.65	87.88
LONDON				
Three-month Eurodollar $1m points of 100%				
Sept	87.68	87.76	87.60	87.86
20-year Notional Gilt £50,000 32nds of 100%				
Sept	98-06	99-01	97-31	99-08

COMMODITIES

(London)	July 23	Prev
Silver (spot fixing)	544.95p	558.15p
Copper (cash)	£1023.00	£1030.75
Coffee (July)	£2203.00	£2190.00
Oil (spot Arabian light)	$27.22	$27.25

TOKYO

Retreat as problems proliferate

THE YEN'S plunge against the dollar and Riccar's problems left the Tokyo stock market sharply down yesterday at a new low for the year, *writes Shigeo Nishiwaki of Jiji Press.*

Share prices dropped across the board, also forcing some internationally known blue chips to 1984 lows.

The Nikkei-Dow market average plummeted 222.80 from Saturday to 9,703.35. This compared with the previous low for the year of 9,830.47, registered on February 14. Losses outpaced gains by 567 to 109, with 122 issues unchanged. Volume totalled only 189.32m shares, though, the smallest since the 135.39m traded on May 28.

Tokyo entered an adjustment phase in the second half of last week, with the Nikkei-Dow indicator losing 315 points in the four days to Saturday. It dropped below the 10,000 mark on Friday.

Yesterday, investors stepped up small-lot selling as the yen weakened. The decline was accelerated by reports of Riccar's application to the Tokyo District Court for claims mediation. Riccar, Japan's third largest sewing machine manufacturer, lost Y24 in heavy trading of 9.78m shares to finish at Y70.

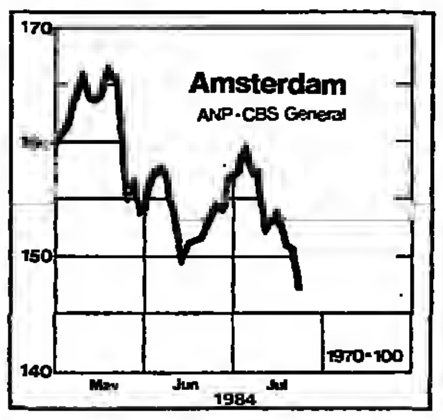
Mr Goro Fujikawa, president of Nikko International Capital Management, said fully-fledged price adjustment had finally started. Investors should be prepared for a further decline in the Nikkei-Dow average to 9,400, he said.

Incentive-backed issues, the only bright notes in the general downward trend last week, suffered steep declines. Morinaga shed Y19 to Y441, Yuasa Battery Y15 to Y370 and Japan Storage Battery Y14 to Y287 under profit-taking pressure. Kuraray fell Y45 to Y750, and Asahi Chemical closed at Y587, off Y3.

The yen's depreciation also dented non-ferrous metals. Nippon Mining finished at Y429 down Y34, Sumitomo Metal Mining Y1,330, off Y120, and Mitsubishi Metal Y508, down Y59.

Among blue chips, Hitachi lost Y15 to Y780, Matsushita Electric Industrial Y50 to Y1,430, and NEC Y50 to Y1,050, all new lows for this year. Fuji Photo fell Y40 to Y1,480, Honda Motor Y50 to Y1,090, TDK Y80 to Y4,520 and Kyocera Y90 to Y5,680.

Bond market prices firmed after the National Debt Consolidation Fund's morning purchase of Y100bn worth of government bonds with about nine years to maturity. But as the yen continued to lose ground, many institutional investors kept away, and the yield on 7.5 per cent government bonds, due in January 1991, rose from the 7.505 per cent seen on Saturday on 7.51 per cent.



LONDON

Rate fears fuelled further

FRESH evidence that the U.S. economy was expanding too fast for comfort alarmed London markets late yesterday.

Gilts, struggling to contend with fears of higher U.S. interest rates and further UK funding, doubled early losses to close over a point down. Longer-dated issues bore the brunt of the fall, but the shorts closed as much as ⅞ lower.

Leading shares followed the trend. The FT Industrial Ordinary index more than doubled an early afternoon fall to close 20.9 down at 755.3. Grand Metropolitan fell 18p to 250p and BP 13p to 437p. The oil sector was particularly uncertain on lower international crude prices.

Brooke Bond resisted the surrounding despondency, up 24p to 101p in response to an unexpected offer from Tate and Lyle, which shed 20p to 312p.

The recent depression throughout mining markets continued as bullion lost further ground.

Chief price changes, Page 26; Details, Page 27; Share information service, Pages 28–29

HONG KONG

THE EVAPORATION of buying interest in Hong Kong, as concerns resurfaced over the colony's future, brought severe losses to all sectors.

On the property side Hongkong Land slid 25 cents to HK$2.05, and Cheung Kong 45 cents to HK$6.55, while among the trading houses Jardine Matheson fell 75 cents to HK$5.65 and Hutchison Whampoa 55 cents to HK$8.55. Banks showed Hang Seng down HK$1.90 to HK$26.10.

Healthy earnings reports curtailed losses for Associated Hotels and Trafalgar Housing to a cent a piece at 18 cents and 17 cents respectively.

AUSTRALIA

MINING issues led Sydney lower as falling metal values weighed on the market. Midsession bargain-hunting failed to take hold, and selling gathered pace towards the close.

BHP shed 10 cents to A$9.44, and Western Mining 8 cents to A$2.90. Oil and gas stocks were steady though.

Among banks ANZ retreated 13 cents to A$4.50, while Mr Rupert Murdoch's News Corporation lost 10 cents to A$9.10 amid the St Regis bid in the U.S.

SINGAPORE

A STEADY result was achieved in Singapore as demand centred on speculative issues. This was to the detriment of blue chips, interest in which showed no signs of as revival.

Pan Electric accounted for 2.7m of the total 8.9m shares transacted and put on a further 9 cents to S$2.89 for an advance over the past fortnight of some 309 per cent. Its Selco unit was expected to benefit from Gulf salvage operations, but this was regarded as insufficient explanation for the activity.

SOUTH AFRICA

INDUSTRIAL issues suffered pronounced weakness in Johannesburg under the combined pressures of another record low for the rand against the dollar, a rise in inflation for last month, and the expectation of a further prime rate boost.

Golds meanwhile finished above the day's lows. Buffels shedding R3.25 to R61.75 after R60.50. Anglo-American moved 80 cents down to R20.35.

Of the consumer issues SA Breweries lost 10 cents to R6.70 and tobacco producer Rembrandt 50 cents to R26.50, but retailer OK Bazaars held at R16.50.

CANADA

GOLDS were at the forefront of a Toronto retreat, but also showing setbacks were energy, base metal and media issues. The property sector held up against the trend.

Industrials fared slightly better in Montreal than did the banks and utilities.

EUROPE

Firm Paris proves an exception

THE RESURGENCE of the dollar and attendant fears about the outlook for interest rates once again took a toll on many European bourses and left both the West German and Dutch markets plumbing new lows for the year.

However, Paris charted its own course against the trend on the growing belief that last week's decline, amid the government reshuffle, had been overdone.

The Indicateur de Tendence added 0.60 to 102.80, and some significance was seen in the improvement at a time when books were being squared ahead of the new monthly trading account which begins today.

Falls were to be found, however, in the foods sector where Générale Occidentale shed FFr 10 to FFr 606, but a firm motor sector saw Peugeot rise FFr 7 to FFr 187.

Moulinex added 60 centimes to FFr 98.10 as it reported higher first-half consolidated turnover.

In **Frankfurt**, where the dollar reached a 10½-year high against the D-Mark, shares fell back in thin trading which left the Commerzbank index down 10.6 at 922

Commerzbank's announcement of lower first half profit was an added depressant. It shed DM 5.50 to DM 136.50, while elsewhere in the sector, Deutsche Bank eased DM 8.50 to DM 308.50, Dresdner DM 4.50 to DM 138.50 and BHF DM 6 to DM 219.

Selling pressure was particularly strong from foreign investors, and this was reflected in declines for such blue chips as Daimler-Benz and Siemens, each DM 8.50 lower at DM 515 and DM 359.50 respectively.

Bonds continued the retreat triggered by the repeal last week of the U.S. withholding tax on certain U.S. bond yields applied to foreigners. For the first time in several days, the Bundesbank had to make purchases – totalling DM 21.8m – to balance the market.

The day's decline came as the latest monthly report from Westdeutsche Landesbank Girozentrale forecast that the stock market could see small technical movements in the short term although a lasting improvement was not in sight.

Domestic investors took a lead from foreign sellers in **Amsterdam**, and shares fell sharply in active trading to a low for 1984.

The ANP-CBS general index dipped 3.8 to 147, heavily influenced by Royal Dutch's Fl 5.30 fall to Fl 142.20. Royal Dutch's decline was attributed to the latest pessimistic report on crude oil demand, issued by the International Energy Agency.

Banks also saw substantial falls, said to be the result of recent company statements on results having come under pressure.

Amro and ABN, which both report second half figures early next month, were down Fl 2.10 and Fl 4.50 respectively at Fl 51.60 and Fl 289.

Bond prices were mostly unchanged after the state's latest 8.75 per cent loan was priced at par, which the market had expected and had already discounted.

Milan was mixed with Fiat unchanged at L4,020, as the motor manufacturer announced that higher sales by most major subsidiaries contributed to a rise in consolidated group earnings and sales last year.

In Zurich, the stock and bond markets were mostly lower in low volume, while Stockholm was also easier in the lowest trading turnover for months.

Madrid held steady, while **Brussels** was closed for e public holiday.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued on Page 25

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued on Page 26

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 24

Continued on Page 26

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a—dividend also extra(s). b—annual rate of dividend plus stock dividend. c—liquidating dividend. cld—called. d—new yearly low. e—dividend declared or paid in preceding 12 months. g—dividend in Canadian funds, subject to 15% non-residence tax. i—dividend declared after split-up or stock dividend. j—dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k—dividend declared or paid this year, an accumulative issue with dividends in arrears. n—new issue in the past 52 weeks. The high-low range begins with the start of trading. nd—next day delivery. P/E—price-earnings ratio. r—dividend declared or paid in preceding 12 months, plus stock dividend. s—stock split. Dividends begins with date of split. sls—sales. t—dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u—new yearly high. v—trading halted. vi—in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd—when distributed. wi—when issued. ww—with warrants. x—ex-dividend or ex-rights. xdis—ex-distribution. xw—without warrants. y—ex-dividend and sales in full. yld—yield. z—sales in full.

WORLD STOCK MARKETS

AUSTRIA

July 23	Price Sch%	+ or —
Creditanstalt	208	+1
Goesser	320	—5
Interunfall	308	......
Laenderbank	206	......
Perlmooser	340	......
Steyr-Daimler	141	......
Veitscher Mag	215	......

BELGIUM/LUXEMBOURG

July 20	Price Frs.	+ or —
ARBED	1,412	+4
Banq Int A Lux	5,050	......
Bekaert B	3,830	......
Ciment CBR	2,325	..
Cockerill	230	—1
Delhaize	4,855	—55
EBES	2,415	—20
Electrobel	6,800	+40
Fabrique Nat	1,800	......
GB Inno BM	3,110	......
GBL (Brux)	2,170	+10
Gevaert	3,120	—5
Hoboken	6,030	—50
Intercom	1,885	+5
Kredietbank	6,900	+10
Pan Hldgs	93,00	......
Petrofina	6,600	—40
Royale Belge	9,300	—10
Soc. Gen. Banq	2,990	......
Soc. Gen. Belge	1,610	—20
Sofina	6,100	......
Solvay	3,643	+23
Traction Elect	3,405	—5
UCB	4,420	—30
Vieille Mont	4,080	+110

DENMARK

July 23	Price Kr. %	+ or —
Aarhus Olie	450	+13
Andelsbanken	220xd	......
Baltic Skand	695	......
CopHandelsbank	245	......
D. Sukkerfab	645	......
Danske Bank	239	......
East Asiatic	189	—1
Forenede Brygg.	925	......
Forenede Damp.	114xr	+2
GNT Hldg	476	......
I.S.S.B.	548	......
Jyske Bank	475	......
Novo Ind	2,230	......
Privatbanken	213	+1
Provinsbanken	295	......
Smidth (F)	222	—1
Sophus Berend	963	+10
Superfos	463	—1

FRANCE

July 23	Price Frs.	+ or —
Emprunt 4½% 1973	1,730	+3
Emprunt 7% 1973	9,200	—103
CNE 3%	3,535	—4
Air Liquide	499	+2
BIC	386.5	—1.5
Bouygues	370	..
BSN Gervais	2,426	—9
CIT-Alcatel	1,012	+7
Carrefour	1,368	+18
Club Mediter'n	854	+13
CFAO	602	+10
Cie Bancaire	486.5	+3.5
Cofimeg	225.1	—1.9
Darty	921	+9
Dumez S.A.	661	+6
Eaux (Cie Gen)	491	+1
Elf-Aquitaine	210	......
Gen. Occidentale	606	—10
Imetal	71.6	+1.3
Lafarge Coppee	512	—4
L'Oreal	2,117	—94
Legrand	1,782	+4
Maisons Phoenix	196	—7
Matra S.A.	1,385	+6
Michelin B	765	+17
Midi (Cie)	1,525	—21
Moet-Hennessy	1,590	+35
Moulinex	96.1	+0.6
Nord Est	44.4	—0.1
Pernod Ricard	748	+6
Perrier	483	+1
Petroles Fra	256.4	+2.4
Peugeot S.A.	187	+7
Poclain	44	—0.2
Printemps Au	133.3	+3.1
Radiotech	256	+2
Redoute	1,025	+5
Roussel Uclaf	1,243	+15
Sefimeg	238	—1
Skis Rossignol	1,165	+5
Telemech Elect.	1,550	+2
Thompson (CSF)	275	+3
Valeo	205	—10

GERMANY

July 23	Price Dm.	+ or —
AEG-Telef	80	—4.5
Allianz Vers	746	—1
BASF	147.7	—2.1
Bayer	152.2	—0.1
Bayer-Hypo	247	—9
Bayer-Verein	288	—4
BHF-Bank	219	—6
BMW	256.5	—5
Brown Boveri	201	......
Commerzbank	136.5	—5.5
Cont'l. Gummi	107.4	—2.6
Daimler-Benz	615	—8.5
Degussa	338	—2
D'sche Babcock	159	—1.3
Deutsche Bank	308.5	—8.5
Dresdner Bank	138.5	—4.5
GHH	127.2	—0.8
Hochtief	451xd	—10
Hoechst	157.7	—1.3
Hoesch Werke	91	—4
Holzmann (P)	426	—8
Horten	156	—5
Kali und Salz	207.5	......
Karstadt	219.0xd	—0.2
Kaufhof	190	—3
KHD	214.6	......
Kloeckner	33	—0.6
Krupp	77	......
Linde	341	—2
Lufthansa	137.5	—1.5
MAN	123.2	—4.8
Mannesmann	131.8	—0.5
Mercedes Hld	431	—6
Metallgesell	209	—1.1
Muench Rueck	990	......
Preussag	219	—3
Rhein West Elect	153	—1.3
Rosenthal	228	..
Schering	317	—1
Siemens	359.5	—8.5
Thyssen	69.3	—1.2
Varta	164	—1.5
Veba	159.8	—0.7
V.E.W.	112	—0.2
Verein-West	283	—1
Volkswagen	163	—3.5

ITALY

July 23	Price Lire	+ or —
Banca Com'le	16,900	—80
Bastogi IRBS	132	—4
Centrale	2,200	—49
Credito Varesino	4,000	—15
Fiat	4,020	—3
Finsider	35.25	—0.25
Generali Assicur	34,200	—90
Invest	2,910	—10
Italcementi	47,700	+700
Montedison	1,128	—16
Olivetti	5,261	—39
Pirelli Co	2,950	—10
Pirelli Spa	1,650	—20
Snia BPD	1,353	—12
Toro Assic.	11,050	—100
do. Pref	8,660	—20

NETHERLANDS

July 23	Price Fls	+ or —
ACF Holding	155	—1.3
AEGON	107	—3.3
Ahold	170	—3.6
AKZO	77	—3.6
ABN	289	—4
AMEV	144	—7
AMRO	51.6	—2.1
Bredero Cert	168	—2
Bos Kalis Westm	26.8	—0.4
Buehrmann-Tet	64	—0.5
Calland Hldgs	35	—1
Credit Lyon'is Bk	45.2	—0.8
Elsevier-NDU	79	—3.7
Gist. Brocades	137	—2.3
Heineken	119.7	—4.3
Hoogovens	41.6	—2.4
Hunter Douglas	27.0	......
Int Mueller	33.5	—0.3
KLM	153	—4.8
Naarden	35	—3.5
Nat Ned Cert	196	—5
Ned. Credit Bank	40	......
Ned Mid Bank	123	—2
Nedlloyd	100	—5
Oce Grinten	221	—5.5
Ommeren (Van)	24.7	—1.1
Pakhoed	57	—0.4
Philips	41.7	—2.1
Rijn-Schelde	8.9	......
Robeco	58.3	—0.6
Rodamco	130.6	+0.1
Rolinco	54.7	—0.7
Rorento	199	—0.5
Royal Dutch	142	—5.7
Unilever	242.5	8.3
VMF Stork	114.5	—3.5
VNU	141.7	—2.3
West Utr Bank	75.3	—0.5

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

NORWAY

July 23	Price Kroner	+ or —
Bergen Bank	153	—1
Borregaard	265	+5
Christiania Bk	158	+1
Den Norske Credit	163	
Elkem	134	—2
Norsk Data	290	—2.5
Norsk Hydro	385	
Storebrand	205	

SPAIN

July 23	Price Pts %	+ or —
Bco Bilbao	344	—2
Bco Central	341	+2
Bco Exterior	203	+3
Bco Hispano	240	
Bco Santander	333	+2
Bco Vizcaya	381	+2
Dragados	163	
Hidrola	54.2	—1.5
Iberduero	63	
Petroleos	133	
Telefonica	51.2	

SWEDEN

Prices unavailable: transmission fault

July 20	Price Kronor	+ or —
AGA	345	[illegible]
Alfa-Laval	228	[illegible]
ASEA (Free)	340	[illegible]
Astra (Free)	383	[illegible]
Atlas Copco	124	[illegible]
Boliden	375	[illegible]
Cardo (Free)	372	[illegible]
Cellulosa	185	[illegible]
Electrolux B	225	[illegible]
Ericsson	247	[illegible]
Esselte	311	[illegible]
Mo Och Domsjo	350	[illegible]
Pharmacia	273	[illegible]
Saab-Scania	409	[illegible]
Sandvik	400	[illegible]
Skandia	350	[illegible]
Skan Enskilda	314	[illegible]
SKF	189	[illegible]
St. Kopparbergs	230	[illegible]
Sven Handelsbn	182	[illegible]
Swedish Match	232	[illegible]
Volvo B (Free)	254	[illegible]

SWITZERLAND

July 23	Price Frs.	+ or —
Alusuisse	691	—13
Bank Leu	3,400	—100
Brown Boveri	1,290	—20
Ciba Geigy	2,185	—35
do. (Part Certs)	1,725	—15
Credit Suisse	2,050	—10
Elektrowatt	2,330	—20
Fischer (Geo)	600	—15
Genevoise	3,425	+25
Hoff-Roche PtCts	91,250	—1,000
Hoff-Roche 1/10	9,100	—125
Jacobs Suchard	5,900	—50
Jelmoli	1,710	—10
Landis & Gyr	1,370	—5
Nestle	5,030	—5
Oer-Buehrle	1,070	—20
Pirelli	250	+1
Sandoz (Br)	6,800	—50
Sandoz (PtCts)	1,010	—5
Schindler (PtCts)	565	—5
Swissair	915	—7
Swiss Bank	312	—1
Swiss Reinsce	7,200	—25
Swiss Volksbk	1,320	—10
Union Bank	3,150	—35
Winterthur	3,030	—30
Zurich Ins	16,850	—50

AUSTRALIA

July 25	Price Aust $	+ or —
ANZ Group	4.50xr	—0.15
Acrow Aust	1.55	
Alliance Oil D	0.65	—0.04
Ampol Pet	1.60	—0.02
Aust Cons Ind	1.83	—0.02
Aust. Guarant	2.60	—0.05
Aust. Nat. Inds	2.12	—0.05
Aust. Paper	2.00	—0.02
Bell Group	4.10	
Bond Corp Hldgs	1.58	—0.02
Boral	2.40	—0.04
B'ville Copper	1.65	—0.05
Brambles Inds	2.05	—0.02
Bridge Oil	0.44	—0.02
BHP	9.44	—0.12
CRA	4.46	—0.12
CSR	3.12	—0.05
Carlton & Utd	3.10	—0.05
Castlemaine Tys	4.25	—0.05
Coles (G.J.)	3.30	—0.05
Comalco	1.45	—0.05
Consolidated Pet	0.46	—0.01
Costain Aust	1.40	
Dunlop Aust	1.37	—0.07
E.Z. Inds	6.02	—0.1
Elders IXL	3.85	—0.05
Energy Res	1.55	—0.05

AUSTRALIA (continued)

July 23	Price Aust $	+ or —
Gen Prop Trust	2.15	—0.06
Hardie (J.)	3.05	—0.05
Hartogen Energy	2.10	—0.05
Herald Wy Times	3.55	—0.02
ICI Aust	1.98	
Jimb'lana 50cFP	0.21	
Kia Ora Gold	0.15	
Lend Lease	4.80	
MIM	2.70	—0.05
Mayne Nickless	2.57	—0.02
Meekatharra	0.40	
Myer Emp	1.64	—0.01
Nat. Com. Bk	3.30	—0.05
News	3.10	—0.1
Nicholas Kiwi	4.05	—0.03
North Bkn Hill	1.58	—0.01
Oakbridge	0.68	+0.03
Otter Expl	0.44	
Pancontl	0.98	—0.05
Pioneer Conc	1.42	—0.01
Queensland Coal	1.08	—0.01
Reckitt & Coln	2.70	+0.15
Repco	1.23	—0.01
Santos	3.10	
Smith (H.)	3.55	—0.05
Southland Mng	0.32	+0.02
Spargos Expl	0.35	
Thos. Natwide	1.62	—0.06
Tooth	5.30	
Vamgas	3.15	
Western Mining	2.90	—0.06
Westpac	3.85	—0.04
Woodside Petrol	1.15	—0.02
Woolworths	2.40	
Wormald Intl	2.75	

HONG KONG

July 23	Price H.K.$	+ or —
Bank East Asia	18.8	—0.4
Cheung Kong	6.55	—0.45
China Light	10.2	—0.5
Hang Lung Devel	2.3	
Hang Seng Bank	26.1	—1.9
HK Electric	5.10	—0.25
HK Kowloon Wh.	2.75	—0.30
HK Land	2.05	—0.25
HK Shanghai Bk	5.2	—0.3
HK Telephone	40.75	
Hutchison Wpa	8.55	—0.55
Jardine Math	5.65	—0.75
New World Dev	2.35	—0.20
Orient O'seas	2.05	—0.07
O'seas Trust Bk	2.60	
SHK Props	4.2	—0.47
Swire Pac A	12.9	—0.90
Wheel'k Mard A	2.75	—0.15
Wheel'k M'time	1.9	
World Int. Hldgs	1.85	—0.12

JAPAN

July 23	Price Yen	+ or —
Ajinomoto	1,110	—30
Alps Electric	1,650	—60
Amada	1,020	—50
Asahi Chem	387	—3
Asahi Glass	750	—13
Bridgestone	539	—6
Canon	1,070	—10
Casio Comp	1,430	—40
Chugai Pharm	950	—22
[illegible]	[illegible]	[illegible]

JAPAN (continued)

July 23	Price Yen	+ or —
MHI	216	—3
Mitsui Co	340	—4
Mitsui Estate	616	+6
Mitsukoshi	355	—2
NGK Insulators	748	—9
Nihon Cement	202	—4
Nippon Denso	1,300	—70
Nippon Elect	1,050	—30
Nippon Express	305	—8
Nippon Gakki	660	..
Nippon Kokan	133	—3
Nippon Oil	843	—13
Nippon Seiko	505	—5
Nippon Shimpan	493	—10
Nippon Steel	145	—2
Nippon Suisan	325	
NTV	10,200	—300
Nippon Yusen	221	—1
Nissan Motor	600	—8
Nisshin Flour	481	—25
Nisshin Steel	165	—2
Nomura	619	+8
Olympus	866	—10
Orient Leasing	3,000	—10
Pioneer	2,370	—80
Renown	620	—6
Ricoh	811	—6
Sankyo	745	—29
Sanyo Elect	436	—22
Sapporo	415	—10
Sekisui Prefab	566	—14
Seven-Eleven	8,390	+30
Sharp	991	—9
Shimadzu	498	—8
Shionogi	665	—15
Shiseido	1,060	—10
Sony	3,250	—30
Stanley	620	—2
S'tmo Bank	830	—30
S'tomo Elect	781	—19
S'tomo Marine	329	—11
S'tomo Metal	134	—1
Taihei Dengyo	470	......
Taisei Corp	213	......
Taisho Pharm	880	—8
Takeda	731	—14
TDK	4,520	—80
Teijin	349	+1
Teikoku Oil	676	—14
Tokyo Marine	532	......
TBS	720	—5
Tokyo Elect Pwr	1,060	+10
Tokyo Gas	137	—3
Tokyo Sanyo	600	—35
Tokyo Style	691	—15
Tokyu Corp	263	......
Toppan Print	754	......
Toray	387	—11
Toshiba Elect	370	—4
TOTO	351	—10
Toyo Seikan	705	......
Toyota Motor	1,230	—20
Victor	2,050	......
Wacoal	730	—1
Yamaha	600	—1
Yamanouchi	1,140	—40
Yamazaki	606	—52
Yasuda Fire	268	—4
Yokogawa Bdge	408	—6

SINGAPORE

July 23	Price $	+ or —
Boustead Hldgs	2.02	—0.01
Cold Storage	3.16	—0.02
DBS	7.80	—0.05
Fraser & Neave	3.05	+0.05
Genting	4.78	—0.02
Haw Par. Bros	2.01	—0.02
Inchcape Bhd	2.39	..
Keppel Shipyard	2.08	—0.01
Malay Banking	8.20	+0.05
Malay Brew	6.60	......
Multi Purpose	1.16	+0.07
OCBC	9.25	......
OUB	4.04	+0.02
Sime Darby	1.67	—0.05
Straits S'mship	1.42	—0.02
Straits Trdg	4.98	......
UOB	4.40	......

SOUTH AFRICA

July 23	Price Rand	+ or —
Abercom	1.67	—0.05
AE & CI	8.35	......
Anglo Am Coal	30.75	......
Anglo Am Corp	20.55	—0.80
Anglo Am Gold	140	—3
Barclays Bank	18.00	—0.15
Barlow Rand	11.80	—0.15
Buffels	61.75	—3.25
CNA Gallo	2.6	......
Currie Finance	4.5	—0.15
De Beers	8.4	—0.15
Driefontein	43.5	......
FS Geduld	42.5	......
Gold Fields S.A.	24.25	......
Highveld Steel	4.65	—0.15
Nedbank	12.2	—0.8
OK Bazaars	15.5	......
Protea Hldgs	1.65	......
Rembrandt	26.5	—0.5
Rennies	12.1	—0.9
Rust. Plat	13.0	......
Sage Hldgs	7.5	......
SA Brews	6.70	—0.10
Smith (C.G.)	16.75	......
Tongaat Huletts	9.3	—0.3
Unisec	6.10	—0.05

OVER-THE-COUNTER

Nasdaq national market, closing prices

Stock	Sales (Hhds)	High	Low	Last	Chng
[illegible]					

LONDON

Chief prices changes (in pence unless otherwise indicated)

RISES

Brooke Bond	101	+24
Dalgety	382	+8
Gripperrods	176	+9
Henlys	124	+4

FALLS

Tr. 10½pc 89	£91⅛	—£⅝
TR. 13½pc '04-08	£117⅞	—£1⅛
Tr. 2½pc 11	£93½	—£⅝
BTR	415	—15
BAe	325	—8
Consultants	26	—8
Equity & Law	160	—17
Grand Met	290	—18
GKN	156	—6
Leech (Wm.)	108	—37
Lucas Inds	160	—6
Marks & Spenc.	210	—7
Notts. Manfng	192	—10
Ocean Transport	105	—8
Tate & Lyle	312	—20
Tysons (Cont)	56	—7
BP	437	—13
Britoil	217	—6
Eglinton O & G	143	—25
Shell Transport	572	—35
Anglo Am Gold	£89¼	—£4¼
Bougainville	92	—6
Charter Cons	225	—23
Poseidon	176	—15
Randfontein	£77	—£3⅝
Winkelhaak	£34½	—£2½

Continued on Page 34

CANADA

TORONTO

Closing prices July 23

Sales	Stock	High	Low	Close	Chng
350	Abti Price	$27	27	27	—½
200	Acklands	$18¼	18	18	—¼
[illegible]					

MONTREAL

Closing prices July 23

Sales	Stock	High	Low	Close	Chng
[illegible]					

NEW YORK — DOW JONES

	July 23	July 20	July 19	July 18	July 17	July 16	1984 High	1984 Low	Since Compilation High	Since Compilation Low
Industrials	1096.62	1101.37	1102.62	1111.64	1122.50	1115.83	1286.64	1086.90	1287.20	41.22
Transport	447.33	451.75	457.62	462.85	462.76	460.88	612.63	451.75	612.63	12.32
Utilities	124.26	123.70	123.94	125.87	126.49	126.88	134.83	122.25	163.32	10.5
Trading vol	78.3m	79.08m	85.23m	76.94m	82.89m	73.42m				

STANDARD AND POORS

Industrials	169.16	178.04	171.85	172.07	173.14	172.27	186.64	169.16
Composite	148.95	149.55	150.37	151.40	152.38	151.60	169.28	148.95

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued on Page 26

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										

NEW YORK CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										

MARKET REPORT — RECENT ISSUES

LONDON STOCK EXCHANGE

Gilts slide and equity index falls nearly 21 points on latest U.S. economic news

Account Dealing Dates

Option

*First Declara-	Last	Account
Dealings tions	Dealings	Day
July 16 July 26	July 27	Aug 6
July 30 Aug 9	Aug 10	Aug 20
Aug 13 Aug 30	Aug 31	Sept 10

* "New-time" dealings may take place from 9.30 am two business days earlier.

Fresh evidence that the U.S. economy was expanding too fast for comfort alarmed London markets late in the session. Values were already uneasy awaiting announcement of America's second-quarter GNP figure and mid-afternoon news of 7.5 per cent growth, against the recent "flash" estimate of 5.7 per cent, rather shook markets. It was immediately assumed that U.S. financial markets would weaken and this was soon confirmed by falling bond and share prices early yesterday on Wall Street.

Struggling to contend with fears of higher U.S. interest rates and further UK funding, announced late Friday via the £700m issues of three tranches of existing stocks, Gilt-edged securities doubled early losses to close over a point down. Longer-dated issues bore the brunt of the fall but the shorts closed as much as ¾ lower. Selling pressure was rarely heavy but with buyers extremely shy and unwilling to commit substantial funds emanating this week from interest payments, the market became very uncertain.

Circumstances were similar in equity markets. Leading shares followed the trend set by Gilts and the FT Industrial Ordinary shareindex more than doubled an early afternoon fall of around nine points to close 20.9 down at 755.3. Double-figure losses were frequent, although only five constituents of the index registered notable falls. Tate and Lyle, Grand Metropolitan and British Petroleum were hit most. The oil sector, in fact, was particularly uncertain throughout on lower international crude prices.

Brooke Bond resisted the surrounding despondency, responding strongly to an unexpected shares and cash offer from Tate and Lyle; the former's board quickly rejected the bid.

Life issues retreat

An outstanding sector last week on takeover speculation, Life Insurances retreated sharply. The absence of rumoured bid developments coupled with the surrounding gloom prompted profit-taking which left double-figure falls by the close. Sun Life, particularly strong of late on talk of a large stake changing hands, fell 18 to 647p. Legal and General dropped 17 to 480p as did Equity and Law, to 160p. Awaiting today's interim statement, Britannic gave up 15 at 485p, while falls of 14 and 12 respectively were seen in Refuge, 443p, and Prudential, 470p. Hambro Life declined 12 to 373p and London and Manchester 7 to 565p. Lloyds Brokers, buoyed on Friday by PWS International's impressive debut, also ran back on profit-taking. Willis Faber dipped 10 to 670p and Sedgwick 6 to 250p. Royals lost 14 to 446p and Commercial Union gave up 6 at 207p among quietly dull Composites.

The early trend of the major clearing banks was quietly firm in recognition of a cheerful circular from de Zoete and Bevan. However, the tone later deteriorated and closing levels were the lowest of the day. NatWest, which last week announced a £238m rights issue and the acquisition of a 5 per cent stake in London stockbroking firm, Fielding Newson-Smith, lost 12 to 598p. Barclays, rumoured to be the next clearer to soon announce fund-raising plans, cheapened 10 to 440p, while Midland lost 8 at 330p; the latter's interim figures are due on Thursday. Lloyds ended 5 lower at 435p. Elsewhere, merchant banks came on offer with Hambros 4 easier at 121p and Schroders 15 down at 675p, both new lows for the year.

First-time dealings in Amari, the metals stockholding and distribution group, confirmed recent pessimistic expectations; the shares opened trading at 82p and after a small business closed at 85p compared with the offer-for-sale price of 110p.

Breweries continued to drift lower. Bass, 357p, and Allied-Lyons, 151p, closed 3 and 4 down respectively. Cider concern Merrydown Wine firmed 5 to 390p, after 395p, on the increased preliminary profits, encouraging statement and proposed 1-for-5 scrip issue. Rivals H. P. Bulmer rose a few pence to 140p in sympathy.

The lapsing of C. H. Beazer's offer prompted a sharp mark down in William Leech which opened at around 100p but rallied a little to close 37 down on the day at 108p. Elsewhere in the Building sector, profit-taking after last week's rise on the bid approach left Glossop 4 cheaper at 63p, while adverse Press mention caused a reaction of 7 to 56p in Tysons. The leaders were inclined easier, Blue Circle shedding 5 to 560p.

ICI, a relatively bright market last week, succumbed to occasional selling and closed 12 lower at 538p; the half-year results are due on Thursday.

Stores dull late

Leading Stores succumbed to the widespread malaise and closed with losses extending to double-figures. Dealers reported only light selling. Gussies A gave up 10 to 493p, while Woolworth shed 8 more to 410p. Marks and Spencer declined 7 to 210p amid rumours of a line of shares overhanging the market. Habitat Mothercare, 262p, and House of Fraser, 228p, gave up 8 apiece. Secondary issues traded without distinction. Revived speculative demand lifted Stead and Simpson A 4 more to 102p, but recent favourites Vantona Viyella encountered sporadic profit-taking to finish that much cheaper at 215p. Lincroft Kilgour eased 3 at 104p following the latest rejection of the offer from John Finlan. Currys eased a couple of pence to 238p; brokers Phillips and Drew advise holders to switch into fellow electrical retailers Dixons.

Leading Electricals followed the lower trend, but most finished a few pence above the day's lowest. GEC, down to 174p at one stage, ended 4 off at 176p, while Plessey finished 6 down at 188p, after 186p. Thorn EMI were a relatively quiet market ex the rights issue, the old shares closing 7 off at 398p xr and the new nil-paid shares at 19p premium. Racal, firm of late following a broker's circular, gave up 8 at 218p. Elsewhere, partly reflecting dullness in Hong Kong stocks, BSR lost 7 to 160p.

The Engineering leaders drifted lower on sporadic selling and lack of support. Hawker gave up 8 at 399p and falls of 6 were recorded in GKN, 156p, and TI, 265p. Secondary issues were inclined easier, where altered, but Symonds Engineers hardened 1½ to 10p in response to favourable Press mention.

Brooke Bond jump

Proceedings in the Food sector were enlivened after lunch by Tate and Lyle's surprise cash and share-exchange bid for Brooke Bond. The out-of-the-blue offer prompted an immediate mark-up in BB to 103p; later the shares traded down to 97p only to improve again late after the board's rejection of the offer to close 24 higher on the day at 101p. Tate and Lyle dropped to 308p at one stage before closing 20 lower at 312p, which leaves the bid for BB currently worth around 95p per share. Elsewhere, recent bid favourite Rowntree Mackintosh lost 6 to 286p, while Cadbury Schweppes eased a couple of pence to 115p. Dee Corporation, on the other hand, hardened 2 to 480p ahead of tomorrow's annual results.

Hotels and Caterers were featured by a fall of 18 to 290p in Grand Metropolitan following the lack of success in selling its U.S. cigarette business for £245m.

Leading miscellaneous industrial turned distinctly easier in the afternoon as selling became a little more persistent. BTR lead the retreat with a fall of 15 to 415p. Glaxo closed similarly cheaper at 830p, while Unilever were 20 lower at 855p and Hanson Trust 7 off at 193p. Bowater Industries closed 12 down at 444p, dealings start ex the Bowater Incorporated entitlement today. Elsewhere, revived bid speculation lifted Gripperods 9 to 176p. Initial, awaiting the OFT ruling on the BET bid, improved 14 to 490p. Reflecting the half-year loss, Consultants (Computer and Financial) were a poor market and closed 6 off at 26p. Occasional demand left Turner and Newall 3 to the good at 70p, while Dalgety responded to a broker's recommendation with a rise of 8 at 382p. Late offerings prompted a reaction of 9 to 491p in Pearson, but Equipu responded to the increased dividend and annual profits with a rise of 5 to 130p. Revived selling left Associated British Ports 6 lower at 210p. Rank Organisation also came on offer at 230p, down 8. Hong Kong stocks gave ground with Hutchison Whampoa 7 cheaper at 81p and China Light 5 down at 97p.

Among quietly firm Leisure issues, LWT "A" rose 4 to 242p in response to Press comment. Pleasurama added 5 at 315p and Pineapple Dance Studio hardened 2 to 77p.

The bid for loss-making BL dealers Henlys — widely foreshadowed in the weekend Press —duly arrived at the start of business yesterday. Henlys touched 126p before settling a net 4 up at 124p, a small premium on the cash offer terms from Midepsa, the Canadian-based investment concern headed by Mr Michael Ashcroft and Mr David Wickins. Midepsa effectively controls almost 30 per cent of Henlys via its Coleman Milne coachbuilding subsidiary.

Motor and Aircraft component manufacturers continued to lose ground. Adverse comment left Lucas 6 off at 160p, while AE, 68p, and Automotive Products, 54p, both shed a couple of pence. Bimec Bros were quoted at 13p ex the rights issue; the new nil paid opened and closed at 1½p premium.

Leading Shippings lacked support and closed at the day's lowest. P&O Deferred dipped 8 to 289p, while Ocean Transport and Trading gave up a like amount at 105p; the latter is scheduled to announce mid-term results on August 1. British and Commonwealth, 333p, and the associated Caledonia Investments, 733p, fell 20 apiece.

Major Marks and Spencer supplier Nottingham Manufacturing fell 10 to 192p on interim results which revealed profits and a dividend payment below most market estimates. In contrast, Allied Textile hardened a couple of pence to 297p following increased first-half earnings. Courtaulds eased 3 to 110p on nervous selling in front of today's annual meeting, but Shaw Carpets gained the turn at 38p on Press comment.

Oils under pressure

Oils were extremely sensitive to the continuing weakness throughout international crude oil markets and came under substantial selling pressure. After an initial mark down prices wilted in the face of further offerings but staged a minor rally in after-hours business.

Sector leaders BP and Shell were particularly vulnerable, with the latter closing a net 35 off at 572p and the former 13 down at 437p, after 433p. LASMO dropped 12 to 268p, Ultramar 5 to 235p and Burmah Oil 4 to 166p. Britoil, due to report interim results on Friday, dipped to 213p prior to closing 6 cheaper on balance at 217p. The recent disappointing drilling news from Colombia continued to depress Eglington Oil which dropped 25 more to 143p. Bryson gave up 12 to 368p.

Charter weak

The recent depression throughout mining markets continued as bullion lost further ground reflecting persistent worries over a possible increase in American interest rates.

The latest decline in the metal price—which closed at a 23-month low of $335.5, a net loss of $5.75 an ounce, brought renewed pressure to bear on South African Golds which fell to their lowest levels since November last year.

Marked down sharply at the outset, following a weak performance in the U.S. on Friday night, share prices fell away before steadying in after-hours trading. The Gold Mines index dropped 19.5 more to 490.3, extending the fall over the past five trading days to one of 63.6.

An official denial of knowledge of any stake build-up or imminent asset disposals prompted a sharp reversal in recently-buoyant Charter Consolidated; up 55 during the previous week Charter's shares plummeted 23 to 225p. Cape Industries and Johnson Matthey in which Charter holds stakes of 67.3 per cent and 27.9 per cent respectively, were also under pressure following the Charter denial. Johnson Matthey gave up 5 to 233p and Cape a couple of pence to 78p.

There was no respite for recently beleaguered Australians. Sharply lower overnight in response to downward pressure on the Australian dollar, prices opened on a weak note and continuedto lose ground all day. Golds were the major casualties, Central Norseman losing 38 to 225p and GMK 20 to 385p while Poseidon fell 15 to 176p.

Paringa Mining and Exploration were a notable exception and edged up 3 to 50p following news that Moonie Oil has increased its stake to 18.39 per cent.

Total contracts transacted in Traded Options amounted to 3,682—1,1880 calls and 1,802 puts. Oils returned to the fore following the dull performance of the underlying share prices. BP attracted 95 calls and 209 puts, while Shell Transport recorded 135 calls and 91 puts. Elsewhere, Courtaulds attracted 268 calls, 113 in the October 120's, while GEC recorded 156 calls and 306 puts.

FINANCIAL TIMES STOCK INDICES

	July 23	July 20	July 19	July 18	July 17	July 16	year ago
Government Secs ...	75.96	76.44	76.84	76.56	76.79	76.81	79.49
Fixed Interest	80.87	80.27	80.89	80.99	81.00	80.94	82.91
Industrial Ord...........	763.3	776.8	764.7	769.8	770.5	775.0	700.8
Gold Mines	490.3	508.8	388.3	326.4	337.8	353.2	654.8
Ord. Div. Yield..........	3.89	6.14	6.19	6.16	6.16	6.16	4.60
Earnings, Yld.% (full)	18.80	11.88	12.04	11.96	11.97	11.88	9.14
P/E Ratio (net) (*).....	9.84	10.11	9.98	10.06	10.04	10.11	13.63
Total bargains (Est.)	16,948	17,337	18,939	18,876	18,386	19,647	18,848
Equity turnover £m.	—	260.49	188.46	150.84	182.00	815.13	189.90
Equity bargains	—	12,972	11,486	10,707	18,311	14,093	15,013
Shares traded (ml)...	—	164.4	108.0	84.9	94.5	128.1	96.6

10 am 775.0. 11 am 773.1. Noon 767.8. 1 pm 767.0. 2 pm 763.3. 3 pm 759.3.

Basis 100 Govt. Secs. 13/1/26. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

*Nil=9.41.

HIGHS AND LOWS — S.E. ACTIVITY

—	1984 High	1984 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs	83.77 (9/1)	75.96 (23/7)	127.4 (9/1/35)	42.48 (3/1/75)
Fixed Int ...	87.48 (14/5)	80.87 (23/7)	155.4 (28/11/47)	50.03 (3/1/75)
Ind. Ord....	923.8 (5/5)	733.3 (23/7)	983.8 (3/5/84)	49.4 (26/6/40)
Gold Mines	711.7 (9/1)	490.3 (23/7)	734.7 (15/2/83)	43.5 (26/10/71)

	July 20	July 19
Daily Gilt Edged Bargains ...	158.0	150.1
Equities Bargains ...	84.0	74.4
Value ...	608.6	388.0
5-day Average Gilt Edged Bargains ...	168.8	174.0
Equities Bargains ...	79.8	85.8
Value ...	400.8	414.0

NEW HIGHS AND LOWS FOR 1984

NEW HIGHS (8)

COM'WEALTH & AFRICAN LOANS (1)
S. Rhod. 3½pc '80-85
AMERICANS (2)
American Tel. Tel. Corp. Data Science
FOODS (2)
Brooke Bond Cullen's Stores
INDUSTRIALS (1)
Lep Group
PROPERTY (1)
Apex Properties
MINES (1)
Kamunting

NEW LOWS (225)

BRITISH FUNDS (63)
INT. BK. & O'SEAS GOVT. STLG. ISS. (3)
CORPORATION LOANS (1)
AMERICANS (3)
CANADIANS (4)
BANKS (4)
BUILDINGS (4)
CHEMICALS (3)
DRAPERY & STORES (3)
ELECTRICALS (6)
ENGINEERING (2)
FOODS (2)
HOTELS (1)
INDUSTRIALS (16)
MINES (55)
MOTORS (2)
NEWSPAPERS (1)
PROPERTY (4)
SOUTH AFRICANS (5)
TEXTILES (1)
TRUSTS (30)
OILS (7)
OVERSEAS TRADERS (1)
PLANTATIONS (2)

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	—	101	1
Corpns, Dom. and Foreign Bonds ...	5	12	56
Industrials	143	271	330
Fin. and Props. ...	51	143	330
Oils	70	46	67
Plantations	2	3	16
Mines	5	106	65
Others	39	86	142
Totals	255	774	1,671

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
July 9	July 20	Oct 11	Oct 22
July 23	Aug 3	Oct 25	Nov 5
Aug 20	Aug 31	Nov 22	Dec 3

For rate indications see end of Share Information Service

...Call options were arranged in Cheung Holdings, K.O. Boardman, Osceola, Riley Leisure, Eglington Oil and Gas, Brunswick Oil, Asia Oil, GRA, Pressac, Plessey, Jardine Matheson, Atlantic Resources, Jacksons Exploration, Oceonics, CPS Computer, Aran Energy and Barratt Developments. No puts were reported, but doubles were take out in C.H. Bailey, Charter Consolidated and Brunswick.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

FIXED INTEREST

EUROPEAN OPTIONS EXCHANGE

Series		Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	Stock
GOLD C	$325	70	14	13	28	10	38.60	$334.20
GOLD C	$350	153	3	833	14.60	—	—	"
GOLD C	$375	4	1.60	167	6	12	13.50	"
GOLD C	$400	—	—	19	3.30	27	8	"
GOLD C	$425	—	—	4	1	—	—	"
GOLD P	$325	27	4.30	588	7.50	30	8	"
GOLD P	$350	37	15.30	34	16.30	70	80	"
GOLD P	$375	13	38	5	40	5	38	"
GOLD P	$400	8	65	3	64	—	—	"

TOTAL VOLUME IN CONTRACTS 17,215

A=Ask B=Bid C=Call P=Put

RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

"RIGHTS" OFFERS

FRIDAY'S ACTIVE STOCKS

ACTIVE STOCKS

LONDON TRADED OPTIONS

July 23. Total Contracts 3,682. Calls 1,880. Puts 1,802. * Underlying security prices.

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1984 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
100	99	Treas 12pc 1984	99	–	12.01	11.82
105¾	101	Treas. 15pc 1985	101 xd	–	14.72	11.50
102¾	100	Exch 12pc Cnv '85	100	–⅛	11.99	11.77
95	93	Treas 3pc 1985	93	–⅛	3.22	11.58
102	99	Treas 11½pc 1985	99	–⅛	11.55	11.97
99¼	96	Treas 8¼pc Cnv '85	96	–⅛	9.06	12.06
104	99	Exch 12¼pc 1985	99	–	12.27	12.25
103	99	Exch 11¾pc '86	99	–	11.86	12.43
102	96	Treas 10pc Cnv 1986	95	–	10.41	12.57
90	88	Treas 3pc 1986	89		3.35	9.31
102	96	Exch 10½pc Cv '86	96	–	10.95	12.50
104	99	Treas 12pc 1986	99	–	12.10	12.46
98	93	Treas 8½pc 1984-86‡‡	93	–½	9.04	12.46
108	102½	Exch. 14pc 1986	102	–½	13.66	12.64
87	85	Exch 2½pc 1986	85	–	2.93	9.08
107	100	Exch 13¼pc 1987	100	–	13.13	12.78
100	94	Treas 10¼pc Cv '87	94 xd	–	10.85	12.54
86	83	Exch 2½pc 1987	83	–	2.98	9.73
101	94	Exch 10½pc 1987	94	–	11.11	12.93
92	87	Funding 6½pc '85-87‡‡	87	–½	7.47	12.14
99	93	Treas 10pc 1987	93	–	10.75	12.93
85	81	Treas 3pc 1987	82	–	3.64	9.97
105	97	Treas 12pc 1987	97	–	12.32	12.95
94	87	Treas 7¾pc 1985-88‡‡	87 xd	–	8.85	12.15
106	92	Exch 10½pc '88	92	–	11.31	12.20
98	90	Treas 9¼pc Cv '88	90	–	10.01	13.02
82	77	Transport 3pc '78-88	77	–	3.87	10.03
96	88½	Treas. 9½pc '88	88½	–	10.61	12.75
106	94	Treas 11½pc 1989	94 xd	–½	12.12	13.04
95	88	Treas 9½pc Cnv. '89	88	–	10.78	12.93
95½	91	Treas 10½pc 1989	91	–	11.53	12.98

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked

[illegible]

INT. BANK AND O'SEAS GOVT STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

[illegible]

LOANS

Building Societies

[illegible]

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BEERS, WINES—Cont.

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY & STORES—Cont.

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

HOTELS—Continued

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

1984 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
45	37	Maclellan 20p	38	.....	1.6	2.1	6.2	(8.8)
138	44½	Macpherson (D.I.)	138	.....	♦2.25	0.1	2.3	—
64	45	Magnolia Group	45	.....	2.9	3.7	7.9	3.4
64	42	Mammet Hldgs 10p	42	.....	—	—	—	44.7
270	157	Man. Ship Can. £1	225	+5	5.5	3.5	3.5	11.6
95	65	Marley	66	.....	3.2	2.1	6.9	9.7
58½	40	Marling Ind. 10p	54½	.....	1.3	♦	3.4	♦
46	29	Marshall L'ey. 'A'	30	.....	1.2	3.6	5.7	(5.4)
54	37	Marshall's Univ	48	.....	♦H1.75	—	5.2	10.4
30	20	Martin-Black	22	.....	—	—	—	—
£108	£88	Mathesons 7¾%	£98	.....	07¾%	2.3	18.2	—
378	287	Metal Box £1	296	+4	15.0	3.8	7.2	5.0
220	129	Metal Closures	150	.....	6.3	2.3	6.0	(8.3)
27	13	Metal Sciences 2½p	18	.....	—	—	—	—
19	0	Metamec Jentique	10	.....	0.01	—	—	—
111	83	Midland Marts	88	.....	4.0	1.8	6.5	11.1
64½	45	Mitchell Cotts	49½	.....	3.6	1.0	8.9	(15.4)
39	14	Mollen Grp 1p	14	.....	0.5	2.5	5.1	(8.8)
168	132	Morgan Crucible	145	−1	7.5	1.2	7.4	(14.2)
18	13½	Morris (W) Fine Art	13	.....	bg0.25	4.0	2.4	13.7
95	80	Moss (Robt.) 10p	89	.....	2.5	2.9	4.0	10.8
330	197	MMW Computers	260	.....	6.0	3.0	3.3	14.5
65	47	Nash Inds.	48	+1	4.0	2.2	12.3	5.4
47	30	Neil&Spencer 10p	30	.....	—	—	—	12.9
70	45	New Equip 10p	70	.....	♦1.15	6.5	2.3	9.4
33	16	Newman Indusls	17	.....	—	—	—	(9.6)
31	16½	Do. 10pc Cm Cnv Pf.	19	+1	10%	—	7.5	—
67	43½	Norton	51	.....	1.0	2.9	2.8	17.9

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

LEISURE—Continued

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

MINES—Continued

Australians

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

NOTES

[illegible]

REGIONAL & IRISH STOCKS

[illegible]

OPTIONS — 3-month call rates

[illegible]

"Recent Issues" and "Rights" Page 27

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £700 per annum for each security.

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

Abbey Unit Tst. Mngrs. (a)
1-3 St Paul's Churchyard, EC4P 4DX. 01 236 3811

High Income				
Gilts & Fixed Int	109.6	114.9xd	-0.4	10.44
High Inc Equity	57.8	61.5xd	.	6.98
Capital Growth				
American Growth	95.4	102.0	-0.6	1.09
Assets & Erngs. Tr	55.7	59.6	-0.2	1.70
Capital Reserve	51.9	52.2	-0.1	0.00
Commodity & Enrgy	64.1	68.8	-1.1	1.34
General	82.5	90.4xd	-0.8	1.08
Japan	120.3	128.7	-3.3	0.21
UK Growth	53.5	57.5	-0.5	2.96
Acc. Units	74.7	80.3	-0.5	2.96
U.S. Emerging Co's	47.2	50.2	-0.1	0.52
Worldwide Bond	142.3	151.4xd	-0.4	1.63
Equitas Prog	171.9	130.4	-1.2	4.11

Aitken Hume
30, City Road, EC1Y 2AY. 01-628 6626

American Tech Fd	105.0	112.4	-2.8	0.20
Inc & Gwth Fd	32.0	34.2xd	+0.2	4.85
Pacific Fd	115.4	123.5	-2.1	0.50
Secured Income Fd	112.0	119.9xd	-2.0	6.37
Special Sits	143.0	153.0	+2.7	1.56
Energy Fd	37.3	40.0xd	-0.7	0.60
American Majors	47.4	50.7	-0.3	2.06
Small Co's Fd	241.0	260.0	+1.6	1.97
Jap Technology	49.0	52.5	-1.3	0.20

Allied Unit Trusts Limited (a)(g)
Allied Hambro House, Hutton, Brentwood, Essex
Brentwood. (0277) 211459 & 229123

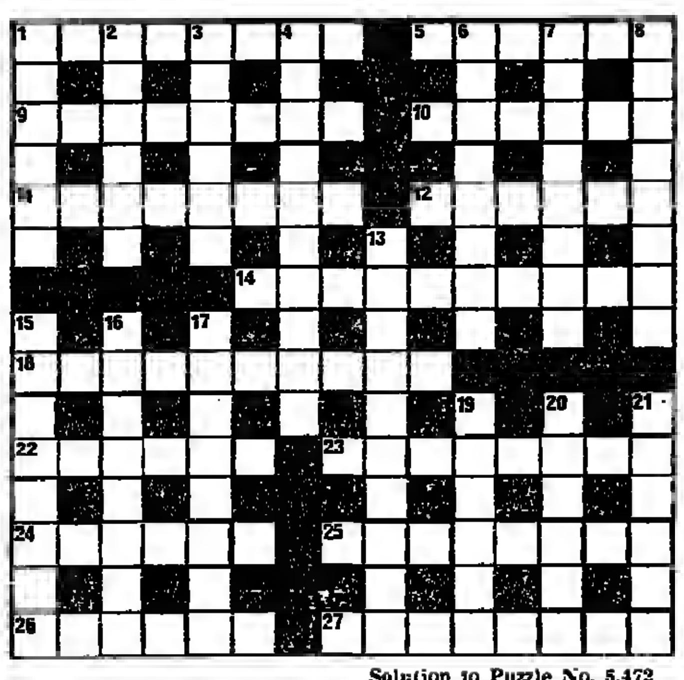
Balanced Trusts				
First Trust	126.7	134.3	-0.6	5.06
Growth & Income Tst.	79.3	84.5xd	-0.4	4.25
Capital Trust	149.3	158.3	-0.7	3.70
Balanced Trust	216.3	229.3	-1.2	4.13
Accum Trust	317.5	336.5	-2.3	3.96
Income Trusts				
High Income Trust	143.5	152.1	-0.1	6.02
Equity Income Trust	77.5	82.2xd	-0.1	6.74

Robert Fleming & Co Ltd
8, Crosby Square, EC3 8AN. 01-638 5858

Next subscription day Aug. 1 1984
*Fleming American Property Unit Trust
Units are issued on Feb 15, May, Aug, Nov.
*Fleming Property Unit Trust
Units are issued on March 25, June 24, September 29 & December 25
*Unauthorised.

INSURANCES

F.T. CROSSWORD PUZZLE No. 5,473



ACROSS
1 *Confident about* nice *change* to non-job (8)
5 Graduate's in sad upset, appealing to the public (6)
9 Scorn—inside or out (8)
10 Phil harmonic? (6)
11 Inclinations for pickings, first off (8)
12 Cut out Times editor! (6)
14 Measure in advance (10)
18 The fruit of violent Derry rebel (10)
22 Powdered earth (6)
23 Sailor Marks keeps off the drink! (8)
24 Settle a clue (6)
25 Knock gin back by the hour? Occasionally (4-4)
26 Table that can be laid? (6)
27 State where there's no work (8)

DOWN
1 When in this you're in command (6)
2 Country definitely not about right (6)
3 Universal comedian gets round society (6)
4 High blossoms here for grand Old English variety (4-6)
6 Annoyed, rising, I get sign of hesitation, violent emotion (8)
7 It is a cut, abnormal. Can't respond normally (8)
8 Taking steps to relieve when in pain (8)
13 Make cuts to get on at the cricket ground? (10)
15 It's the kind of rush seen by the beach (3-5)
16 Give advice to reprove (8)
17 Town to award radio operator (8)
19 Liberty, for instance (6)
20 You should have restricted it in payment (6)
21 Teacher's not the first to make bloomers (6)

Solution to Puzzle No. 5,472

INSURANCE, OVERSEAS & MONEY FUNDS

Liberty Life Assurance Co Ltd
Station Rd, New Barnet 01 440 8210
Fund Managers: Touche Remnant & Co

Sel Ser 4	21.0	25.1		
Blue Chip	18.3	19.1		
Fixed Yield	17.8	18.8		
Guaranteed Mny	15.4	16.1		
Managed	17.2	18.2		
International	23.1	24.4		
Property	14.8	15.6		
Pacific	17.5	18.4		
Equity	11.0	14.2		
Special Sits	19.6	20.7		
Int Currency	[illegible]	[illegible]		
Index Linked Secs	10.5	11.1		
American	[illegible]	17.0		

Life Assur. Co. of Pennsylvania
8, New Rd, Chatham, Kent. Medway 812348

LACOP Units	13.49	14.17	−0.01	—

Lloyds Life Assurance
20, Clifton St, EC2A 4HB 01-920 0202

Multi Gwth July 6		£2 69143		
Multi Gwth '4' July 6	248.8	261.1		—
Op B Prop July 19	251.9	265.1		—
Op B Equity July 23	294.5	310.1	+1.5	—
Op B Hy July 19	290.1	[illegible]		—
Op B Man July 19	297.4	[illegible]		—
Op B Dep July 23	144.3	204.6	+0.1	12.11
Op B Int Bond July 10	161.8	170.4		—
Op B Inc Dist July 14	128.0	134.8		8.90
Op B Int Man July 30	171.3	180.4		—
Op B US$ July 19	138.8	146.2		12.12
Pens B Pr Ac June 15	314.4	331.0		—
Pens B Pr Cp June 15	210.9	222.0		—
Pens B Eq Ac June 15	833.1	877.0		—
Pens B Eq Cp June 15	558.6	588.1		—
Pens B FI Ac June 15	366.4	385.7		—
Pens B FI Cp June 15	245.7	258.7		—
Pens B Mid Ac June 15	527.8	549.5		—
Pens B Mid Cp June 15	350.0	368.5		—
Pens B Dp Acc June 15	300.4	316.3		—
Pens B Dp Cp June 15	201.4	212.1		—

Britannia Funds—Series A

Am Smaller Co's July 18	123.0	129.5		—
Am Spec Sits July 18	138.5	145.8		—
Commodity July 18	70.8	74.6		—

National Provident Institution
48, Gracechurch St, EC3P 3HH 01-623 4200

Managed	[illegible]	170.1	−0.0	
UK Equity	[illegible]	[illegible]	−1.0	
Overseas Eq	158.6	167.0	−1.2	—
American	165.4	174.2	−0.4	—
Far East	149.4	157.4	[illegible]	—
Property	109.5	115.4		—
Fixed Int	146.7	154.5	−0.0	—
Indexed Gilt	94.4	99.4		—
Deposit	110.6	116.5		—

Pension Fund Prices

Man Initial	167.4	172.1	−0.7	—
Man Acc	179.1	188.6	−0.0	—
UK Eq Initial	160.0	168.5	−1.4	—
UK Eq	171.0	[illegible]	−1.4	—
Overseas Eq Initial	179.7	189.2	−1.2	—
Overseas Eq	203.1	213.8	−1.3	—
American Initial	175.9	185.2	−0.5	—
American	190.1	200.8	−0.4	—
Far East Initial	185.0	194.8	−1.2	—
Far East	201.1	211.7	−3.4	—
Prop Initial	104.9	110.4		—
Prop	113.6	119.6		—
Fixed Int Initial	129.4	136.3	−0.5	—
Fixed Int	140.1	147.5	−0.5	—
Indexed Gilt Initial	89.5	94.3		—
Indexed Gilt	97.0	102.2	−0.1	—
Deposit Initial	109.2	115.0	+0.1	—
Deposit	118.0	125.1	+0.1	—

NPI Pensions Management Ltd.

Managed Fund	459.7	471.0		—

Prices June 29. Next dealing August 1.

New Zealand Sth. Brit. Insce. PLC
Maitland House, Southend SS1 2JS 0702 62955

Kiwi Key (Managed)	316.0	325.8	+6.2	—
UK Equity	137.9	145.1	+0.6	—
American	230.4	242.5	−1.3	—
Pacific	115.4	372.0	−4.2	—
Property	148.4	156.2		—
Gilt	167.8	176.6	−0.9	—
High Inc. Equity	128.5	135.2	+0.6	—
High Inc. Fxd. Int.	96.3	101.4	−0.2	—
Deposit	146.1	153.8		—
Index-Linked Gilt	97.0	102.8	−0.5	—

Norwich Union Insurance Group

Save & Prosper Group
4, Gt St Helens, London EC3P 3EP

Schroder Life Assurance Co. Ltd.
Enterprise House, Portsmouth.

OFFSHORE AND OVERSEAS

Money Market Trust Funds

Money Market Bank Accounts

NOTES

COMMODITIES AND AGRICULTURE

Stocks fall fails to boost copper

BY JOHN EDWARDS, COMMODITIES EDITOR

COPPER PRICES lost ground on the London Metal Exchange yesterday, in spite of yet another fall in warehouse stocks. The cash price for higher grade copper closed £7.75 down at £1023 a tonne, while the three months quotation lost £6.25 to £1039.

The decline in LME warehouse stocks last week of 12,250 tonnes reduced total holdings to 194,075 tonnes — the first time they have been fallen below 200,000 tonnes since November 1982.

However, the stocks decline was in line with market expectations and had only a limited impact on price movements. It was soon overridden by the weak trend in gold, fears of a higher interest rates, and an easier opening on the New York copper market.

A fall in zinc stocks, down by 3,575 to 56,550 tonnes, helped sustain LME zinc values. The cash price remains at a small premium over the three months quotation reflecting a renewed squeeze on supplies immediately available to the market. The steady tone was encouraged by latest figures issued by the European Zinc Institute showing falls in world and European smelter stocks in June.

Lead was hit by a smaller than expected fall in warehouse stocks, which declined by only 330 to 64,925 tonnes. Cash lead lost £9.50 to £370.50 a tonne.

A fall of 375 tonnes in aluminium stocks to 144,050 tonnes also disappointed the market. Nickel holdings were down by 450 to 23,070 tonnes, but tin stocks rose by 885 to 27,360 tonnes and silver by 304,000 to 49,899,000 unces.

Dairy cow slaughters 'will boost beef output'

By Richard Mooney

SLAUGHTERINGS of surplus dairy cows are likely to push 1984 UK beef output to the highest level for nine years, according to the Meat and Livestock Commission.

In the latest issue of its four-monthly UK Market Review the MLC forecasts total beef and veal production in 1984 at 1.15m tonnes, up 130,000 tonnes from 1983.

Cow and bull slaughterings in the first quarter of this year totalled 232,000 head, the review says, up 21 per cent from the same 1983 period. The imposition in April of milk production quotas has resulted in a further sharp rise in slaughterings.

The MLC estimates that April/May slaughterings were 47 per cent bigger than a year earlier.

Beef and veal exports are projected to reach a record of over 200,000 tonnes in 1984.

Imports have fallen sharply meanwhile, partly because of the drought in Botswana.

Total supplies available to the UK market are put at 1.1m tonnes, up 4 per cent from last year, and a further 8 per cent rise is forecast for the first half of 1985.

The review predicts a record lamb production of almost 14m head in the 1984/85 season and total mutton and lamb production is put at 295,000 tonnes, 3 per cent more than in 1983. Imports are expected to be "a remarkably low" 145,000 tonnes in 1984 and still less next year.

Total supplies of mutton and lamb this year are forecast at 407,000 tonnes, slightly less than in 1983.

Pork production in the UK is expected to decline by 9 per cent this year and bacon and ham production by 4 per cent, reflecting the continuing decline in sow numbers.

Milk law ends 'intolerable' delays says Butler

BY OUR COMMODITIES STAFF

FURTHER DELAY in the implementation in Britain of the EEC milk quota scheme, which was given parliamentary approval last week, would have been "intolerable," Mr Richard Butler, president of the National Farmers' Union, said yesterday.

"Detailed regulations for milk quotas have been a bitter pill to swallow, but dairy farmers had to know where they stood," he said at the opening day of the Royal Welsh Show at Builth Wells.

Sir Richard said he was fiercely critical of some aspects of the scheme as it was being applied to the UK. In particular he was anxious about the position of tenant farmers who might have difficulty persuading their landlords to allow them to take up the "golden handshake" offered by the Government under the so-called outgoers scheme.

Under this scheme dairy farmers will be able to relinquish their milk quotas in return for a share in a £50m fund. However, tenants will have to win the approval of their landlords, the value of whose land would be affected. Sir Richard was clearly dubious about the willingness of many landlords to give this approval.

"Quotas are here," he said. "Our task is to minimise the damage they cause."

Robert Cottrell in Tokyo reports as the Rice Price Council meets

Rice farmers may profit from shortage

A SHORTAGE of rice in Japan sounds as probable as a sand dearth in the Sahara, or an underprovision of ice at the South Pole. But the Japanese Government, to its acute embarrassment, has just signed an agreement with the Government of South Korea to import 150,000 tonnes of unpolished rice, with first deliveries scheduled for later this month.

The cargoes will be Japan's first rice imports in 17 years, to the professed outrage of the country's conservative and fiercely protectionist farm lobby. But, while the farmers may display public anger, they have probably emerged as net gainers from the affair in terms of public relations and political lobbying power.

Farmers will be trying to hammer home their political advantage today, as the Government's Rice Price Council meets for the first of two days of deliberation on fixing the 1984 producer-price.

The quantity of rice being imported is a tiny fraction of Japan's 11m tonnes annual consumption. The symbolic impact is likely to be much larger on the Government's agricultural policy, which in recent years has been geared to cutting rice production acreage while holding down producer-prices.

Self-sufficiency in rice is a generally accepted social objective in Japan. In spite of the country's present prosperity, memories linger of the hunger and poverty which followed defeat in the Second World War.

As a result, government subsidies and a protected domestic market have sustained through the post-war years an inefficient rice-farming sector, which by the mid-1970s was producing far more rice than Japanese consumers wanted to buy—at least at the high prices which farm lobbyists negotiated with the Government.

Japanese consumers now pay three to five times the world free-market price for their rice. The Government, meanwhile, allocated in its 1983-84 budget Y400bn (£1.2bn) for price support programmes, and Y340bn for programmes to reduce acreage.

The acreage reduction programme — to cut producing paddies by 20 per cent over 10 years—began in 1978, when Japan's rice stockpile reached 6.5m tonnes. Poor weather has, however, meant four successive bad harvests since the programme started, cutting the stockpile to 900,000 tonnes by last October. The situation worsened in the spring when it was discovered that the older rice in the stockpile, dating back to 1978, had been contaminated by bromine used for fumigation. Hence the need for imports.

Japan's ruling Liberal Democratic Party cultivates the "farm vote," which is given a disproportionate influence by the preponderance of *small* rural constituencies.

Zenchu, the main farmers' lobbying group, wants a 7.7 per cent increase in the rice price this year, compared with just 1.75 per cent last year. With each percentage point increase costing the Government a potential Y14bn, the farmers are highly unlikely to get their full demand. Although the rice shortage must have increased the chances of a more than merely nominal raise this year.

Mr Yasuhiro Nakasone, the Prime Minister, who will campaign for re-election as party leader in November this year, has recently been making conciliatory overtures to farmers, saying that the Government may encourage some idled rice-paddy land to be put back into production next year. It is aiming to rebuild the rice stockpile to 1.5m tonnes to avoid another shortfall, though farmers favour a 2m tonne level.

The political advantage which Japanese rice-farmers have been afforded by the shortage is in defiance of longer-term trends. Japanese per capita consumption of rice is falling, from 118 kg in 1962, to 76 kg in 1972, to a projected 65 kg in 1990.

Japan's farms are inefficiently small, averaging three acres, compared with 431 acres in the U.S. Five out of six Japanese farmers are part-timers, holding down other jobs. Half are aged over 55; one-fifth are over 65.

Only Switzerland gives more aid to its farmers than Japan. Agricultural protectionism is opposed by some Japanese business lobbies, who see it as a conspicuous cause of trade friction, particularly with the U.S.. The government has been trying to keep everybody happy by balancing supply and demand. Following their recent embarrassment, politicians are now more likely to err on the side of supply.

Supplies concern boosts cocoa price

CONCERN over the short-term availability of good quality West African supplies boosted cocoa values on the London futures market again yesterday, and the September position ended £57 up on the day at £1,839.50 a tonne, near the day's high.

Dealers said recent offers of Ghana cocoa beans for nearby delivery appeared to have dried up, making for an even tighter physical supply situation.

● POTATO prices rose sharply on the London futures market yesterday, reflecting fears of drought conditions in the main growing areas. The April position jumped by £9.40 to £134.90 a tonne.

● SUGAR beet crop for 1984 for 1984 will produce over 1m tonnes of sugar despite setbacks caused by the weather earlier this year, according to the British Sugar Corporation.

Farmers in the eastern counties were forced to replant over 17,000 acres during April because seedlings were ruined by heavy rain, but the crop is now developing well, the BSC said.

● WASHINGTON—The Commodity Futures Trading Commission has set August 21 to consider a Commodity Exchange Inc proposal to trade commodity options on silver futures.

It has set August 24 to consider a Minneapolis grain exchange proposal to trade a futures contract on white wheat.

● INDIA plans to challenge Brazil as the world's largest castor oil exporter by exporting about 90,000 tonnes, worth Rs 1.25bn, in 1984/85 ending March, the Commerce Ministry said.

It said 1983/84 exports were a record 79,000 tonnes, worth Rs 1.05bn, up from about 50,000 tonnes a year earlier.

Uranium output rise forecast

FRANKFURT — The West's uranium production should rise to 39,600 tonnes in 1984 from last year's 36,680 tonnes and will thus be well above the 35,700 tonnes needed to fuel its nuclear reactors, Nukem GMBH, an international association of processors and power utilities, said.

Canada will be the largest global uranium producer this year, expected to produce 10,650 tonnes after 7,311 in 1983, Nukem said.

This will push U.S. production volume into second place,

Fish landings decline

FOREIGN FISHING vessels increased their share of landings at UK ports last year, according to figures published by the Ministry of Agriculture, Fisheries and Food yesterday.

UK vessels landed 746,000 tonnes, 4 per cent less than in 1982, but landings by foreign vessels were up 17 per cent at 75,000 tonnes.

Total landings at UK ports were down 2 per cent at 821,000 tonnes, but their value rose 7 per cent to £308m. Most of the increase in value was won by the UK boats whose gross returns were up 8 per cent to £280.3m. Foreign vessels' returns were up only 1 per cent at £28.5m.

● EEC grants totalling more than £3m have been allocated to Britain to modernise its inshore fishing and fish farming industries.

The Commission said the awards were to schemes "designed to modernise the fleet without increasing capacity in sensitive areas and to encourage fish farming projects that are feasible and profitable and meet the needs of the region concerned."

India urged to import cotton

NEW DELHI — Mr G. N. Palriwala, president of the Northern India Cotton Textile Mills Association, said the association has asked the Government to import cotton to overcome an acute domestic shortage that has shut 75 to 80 textile mills.

He said India's raw cotton output, particularly of short and medium staple varieties, is likely to drop further in 1984/85 starting September due to adverse weather and pest attacks in Punjab, Haryana and Rajasthan.

PRICE CHANGES

In tonnes unless stated otherwise	July 24 1984	+ or −	Month ago
Metals			
Aluminium	£1100		£1100
Free Mkt	[illegible]	[illegible]	[illegible]
Copper			
Cash h Grade	[illegible]	[illegible]	[illegible]
3 mths	[illegible]	[illegible]	[illegible]
Cash Cathode	£1026	[illegible]	[illegible]
3 mths	£1042	[illegible]	[illegible]
Gold troy oz	[illegible]	[illegible]	[illegible]
Lead Cash	£370.5	[illegible]	[illegible]
3 mths	[illegible]	[illegible]	[illegible]
Nickel	£5203		£5097
Free Mkt	[illegible]	[illegible]	[illegible]
Palladium oz	[illegible]	[illegible]	[illegible]
Platinum oz	[illegible]	[illegible]	[illegible]
Quick Silver	[illegible]	[illegible]	[illegible]
Silver troy oz	[illegible]	[illegible]	[illegible]
3 mths	[illegible]	[illegible]	[illegible]
Tin cash	[illegible]	[illegible]	[illegible]
3 mths	[illegible]	[illegible]	[illegible]
Tungsten	[illegible]	[illegible]	[illegible]
Wolfram 22.04lb	[illegible]	[illegible]	[illegible]
Zinc	[illegible]	[illegible]	[illegible]
3 mths	[illegible]	[illegible]	[illegible]
Producers	[illegible]	[illegible]	[illegible]

	July 24 1984	+ or −	Month ago
Oils			
Coconut (Phil)	$1250u		$1250
Groundnut	[illegible]	[illegible]	[illegible]
Linseed Crude	[illegible]	[illegible]	[illegible]
Palm Malayan	[illegible]	[illegible]	[illegible]
Seeds			
Copra Phil	[illegible]	[illegible]	[illegible]
Soyabean (U.S.)	[illegible]	[illegible]	[illegible]
Grains			
Barley Fut. Nov.	[illegible]	[illegible]	[illegible]
Maize	[illegible]	[illegible]	[illegible]
Wheat Fut. Nov.	[illegible]	[illegible]	[illegible]
No2 Hard Wint.	[illegible]	[illegible]	[illegible]
Other commodities			
Cocoa ship't	[illegible]	[illegible]	[illegible]
Futures Sep.	[illegible]	[illegible]	[illegible]
Coffee Ft. Sep.	[illegible]	[illegible]	[illegible]
Cotton A Index	[illegible]	[illegible]	[illegible]
Gas Oil Aug.	[illegible]	[illegible]	[illegible]
Rubber (kilo)	[illegible]	[illegible]	[illegible]
Sugar (raw)	[illegible]	[illegible]	[illegible]
Wool'tps 64s	[illegible]	[illegible]	[illegible]

‡ Unquoted. z Sept. y Sept-Oct. w Aug. u Aug-Sept. v July-Aug. † Per 75 lb flask. * Ghana cocoa. n Nominal. c Cents per pound.

LONDON OIL

SPOT PRICES

[illegible]

GAS OIL FUTURES

[illegible]

GOLD MARKETS

Gold fell $5½ an ounce from Friday's close in the London bullion market yesterday to finish at $335-336. This was its lowest closing level since August 1982. The lower trend reflected the dollar's continued strength and after opening at $333¾-334¼, the metal traded between a high of $336¼-337 and a low of $331-332.

In Paris the 12½ kilo bar was fixed at FFr 95,100 per kilo ($335.97 per ounce) in the afternoon compared with FFr 95,000 ($335.56) in the morning and FFr 97,750 ($346.85) on Friday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 31,040 per kilo ($336.38 per ounce) against DM 31,910 ($345.00) and closed at $334¼-335¼ from $341¼-342¼.

In Luxembourg the dollar per ounce equivalent of the 12½ kilo bar at the fixing was $333.0 from $347.50.

In Zurich gold finished at $334¼-335¼ from $341¼-342¼.

LONDON FUTURES

[illegible]

[illegible]

EUROPEAN MARKETS

[illegible]

BRITISH COMMODITY PRICES

BASE METALS

BASE-METAL PRICES were easier on the London Metal Exchange following the decline in precious metals and a weak opening on Comex. Copper rose to £1,048 in early trading, boosted by the further steep fall in LME stocks but fell back to £1,036 on the Comex opening [illegible]

COPPER

[illegible]

TIN

[illegible]

LEAD

[illegible]

ZINC

[illegible]

ALUMINIUM

[illegible]

NICKEL

[illegible]

Three months £3,590, 85, 87. Kerb: Three months £3,535, 82. Turnover: 598 tonnes.

SILVER

Silver was fixed 13.2p an ounce lower for spot delivery in the London bullion market yesterday [illegible]

COCOA

[illegible]

COFFEE

[illegible]

GRAINS

[illegible]

PIGMEAT

[illegible]

summer trading in the physical market, reports CCST commodities.

Month	Yesterdays close	Previous close	Business done
	p. per kilo (deadweight)		
Aug	115.0	114.0	115.1-115.0
Oct	119.4	119.2	[illegible]
Nov	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]

POTATOES

[illegible]

RUBBER

[illegible]

SOYABEAN MEAL

[illegible]

SUGAR

[illegible]

WOOL FUTURES

[illegible]

Aug 482 seller only, 481-480; Oct 496, 500, 496-491; Dec 497, 504, 505-497; Jan 502, 505, 505-498; Mar 511, 512, 611-508; May 515, 516, 518-514; Aug 526, 530, 529-525; Oct 527, 530, 529-525; Dec 527, 530, 529-526; Jan 528, 536, 531-528, Sales: 222.

SYDNEY GREASY WOOL—Close (in [illegible]

COTTON

[illegible]

TEA AUCTIONS

[illegible]

INDICES

FINANCIAL TIMES

[illegible]

REUTERS

[illegible]

MOODY'S

[illegible]

DOW JONES

[illegible]

MEAT/FISH

[illegible]

AMERICAN MARKETS

NEW YORK, July 23

Precious metals continued under pressure, unable to sustain rallies despite bonds having recovered, reports Heinhold Commodities. Copper prices were lower on heavy arbitrage activity even though considerable improvement in market fundamentals [illegible] as traders appeared to be concerned about the adequacy of nearby supplies. Cocoa rallied on rumours of quality problems in recent Ivory Coast deliveries. Cotton continued under pressure on the lack of export demand and lagging interest by U.S. mills. Soyabeans were mixed with new crop [illegible]

NEW YORK

[illegible]

CHICAGO

[illegible]

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar continues its advance

There were two major events for the foreign exchanges to digest yesterday. One was the settlement of the UK docks strike, although this was heavily discounted in the level of the pound over the weekend, after Friday's agreement in principle between dockers' leaders and the employers.

This did help sterling to withstand the other chief event, however, which sent other major currencies to record lows against the dollar. Growth in the U.S. economy has been very strong during the first half of the year, and the flash estimate a few weeks ago put second quarter gross national product growth at 5.7 per cent. Yesterday's upward revision to 7.5 per cent at the upper end of expectations, and gave the dollar another boost to the highest level for 10 years against the D-mark; a seven-year peak against the Swiss franc; record levels against the French franc, Italian lira and Scandinavian currencies, and the highest for nearly a year against the Japanese yen.

The U.S. currency rose to DM 2.8760 from DM 2.8580 against the D-mark; SwFr 2.4410 from SwFr 2.4175 against the Swiss franc; FFr 8.8275 from FFr 8.7625 in terms of the French franc; and Y246.90 from Y244.85 against the yen.

On Bank of England figures the dollar's trade-weighted index rose to a record 137.9 from 136.9.

STERLING — Trading range against the dollar in 1984 is 1.4905 to 1.3065. June average 1.3773. Trade-weighted index 78.9, compared with 78.8 at noon and the opening, 78.7 at Friday's close, and 82.0 six months ago.

Sterling lost ground to the strong dollar, but improved against other major currencies following the end of the docks dispute. The pound fell ½ cent to $1.3185-1.3195, after touching a high of $1.3210 and a low of $1.3155. At the same time it rose to DM 3.79 from DM 3.7825; SwFr 3.2075 from SwFr 3.2025; FFr 11.6350 from FFr 11.61; and Y325.75 from Y323.75.

D-MARK — Trading range against the dollar in 1984 is 2.8760 to 2.5535. June average 2.7393. Trade weighted index 124.1 against 123.5 six months ago.

The dollar was fixed at DM 2.8705 against the D-mark at yesterday's fixing in Frankfurt up from DM 2.8551 on Friday and the Bundesbank sold $51.9m at the fixing. Yesterday's level was the highest fixing since January 1974. Fears of an upward revision in U.S. second quarter GNP, which later proved to be justified, ensured a strong demand for the dollar. An appearance by Mr Paul Volcker, chairman of the Federal Reserve Board, in front of the U.S. Senate Banking Committee also pushed the dollar firmer on fears of an endorsement to recent rumours of a tightening monetary stance by the Fed.

Elsewhere sterling rose to DM 3.7880 from DM 3.7780 while the Swiss franc slipped to DM 1.1791 from DM 1.1822. Within the EMS the Belgian franc improved to DM 4.9410 per BFr 100 from DM 4.9370 but the French franc was unchanged at DM 32.585 per FFr 100.

JAPANESE YEN — Trading range against the dollar in 1984 is 246.90 to 233.10. June average 234.0. Trade weighted index 151.9 against 157.5 six months ago.

The dollar rose to its best closing level this year against the yen in Tokyo, closing at Y245.85 compared with Y243.20 on Friday. It opened at Y245.80 compared with a New York close of Y245.40 and eased initially to a low of Y245.55. However renewed demand pushed the dollar to a trading high of Y246.30. The Bank of Japan was active selling an estimated $100m in order to contain the rise. Fears of higher interest rates in the U.S. provided the principal attraction. Elsewhere the D-mark rose to Y85.81 from Y85.79 in New York and Y85.49 in Tokyo on Friday.

£ in New York—Latest

	July 23	Prev. close
Spot	$1.3190-5200	$1.3230-3240
1 month	0.07-0.03 pm	0.07-0.03 pm
3 months	par-0.04 dis	0.08 pm-0.02 dis
12 months	1.50-1.55 dis	1.50-1.60 dis

£ forward rates in U.S. cents discount.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu July 27	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	44.9008	45.3219	+0.94	+0.88	±1.5447
Danish Krona ...	8.14104	8.18073	+0.49	+0.43	±1.6425
German D-Mark	2.24184	2.23877	−0.14	−0.20	±1.0642
French Franc ...	6.87456	6.87127	−0.05	−0.11	±1.4052
Dutch Guilder ...	2.52595	2.52760	+0.07	+0.01	±1.4964
Irish Punt	0.72569	0.728856	+0.44	+0.38	±1.6899
Italian Lira	1403.49	1376.23	−2.01	−2.01	±4.1505

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

OTHER CURRENCIES

July 23	£	$		£ Note Rates
Argentina Peso ..	75.45-75.69	57.29-57.35	Austria...........	99.45-26.75
Australia Dollar .	1.6090-1.6115	1.2200-1.2210	Belgium	76.75-77.50
Brazil Cruzeiro...	2,414.1-2,427.8	1,833-1,849	Denmark...........	13.77-13.90
Finland Markka..	7.9830-8.0025	6.0550-6.0600	France	11.57-11.88
Greek Drachma .	148.80-149.20	112.90-113.20	Germany..........	3.77-3.80
[illegible]				

* Selling rates.

CURRENCY MOVEMENTS

[illegible]

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

CURRENCY RATES

[illegible]

*CS/SDR rate for July 20: 1.35220.

THE POUND SPOT AND FORWARD

[illegible]

Belgian rate is for convertible francs. Financial franc 77.10-77.20. Six-month forward dollar 0.48-0.53c dis. 12-month 1.50-1.60c dis.

THE DOLLAR SPOT AND FORWARD

[illegible]

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 58.45-58.55.

EXCHANGE CROSS RATES

[illegible]

EURO-CURRENCY INTEREST RATES (Market closing rates)

[illegible]

Asian $ (closing rates in Singapore): Short-term 11⅛-11¼ per cent; seven days 11⅛-11¼ per cent; one month 11 9/16-11 11/16 per cent; three months 12 3/16-12 5/16 per cent; six months 12 9/16-12 11/16 per cent; one year 13⅛-13¼ per cent. Long-term Eurodollars: two years 13¾-14 per cent; three years 13⅞-14⅛ per cent; four years 14-14¼ per cent; five years 14⅛-14⅜ per cent nominal closing rate. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

FINANCIAL FUTURES

Easier trend

Euro-dollar prices lost ground in the London International Financial Futures Exchange yesterday on news of an upward revision in second-quarter U.S. GNP figures. These were expected to be increased from the original 5.7 per cent flash estimate but the rise of 7.5 per cent contrasted with markets expectations nearer 6.5 per cent. In addition values were depressed ahead of tomorrow's appearance of Mr Paul Volcker, chairman of the Federal Reserve Board ahead of the U.S. Senate Banking Committee. There are fears that he may endorse market feelings that the Fed has taken a tighter monetary stance in order to contain inflationary pressures normally associated with a strong economic expansion.

In addition Fed funds opened firm at 11¼ per cent and cash rates put on 1/16 of a point. U.S. Treasury bonds were easier on the same sentiment and in line with a softer U.S. bond market.

Sterling-based contracts fared little better, with three-month sterling deposit futures easing on sterling's weakness against the dollar.

Gilt futures were similarly affected and after a firmer opening at 98-30, the September contract eased to a low of 97-31 before finishing at 98-06 down from 98-08 on Friday. FT-SE contracts were marked down sharply as equities finished at the lowest level this year. The September FT-SE price opened at 100.00 down from 100.55 and fell to a low of 98.20 before closing at 98.30.

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
Sept	87.68	87.76	87.68	87.86
Dec	86.87	87.01	86.82	87.11
March	86.52	86.65	86.47	81.75
June	86.27	86.40	86.24	86.50
Sept	86.07	86.07	86.07	86.29

Est volume 4,565 (3,603)
Previous day's open int 13,058 (12,889)

THREE-MONTH STERLING DEPOSIT £250,000 points of 100%

[illegible]

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

[illegible]

STERLING £25,000 $ per £

[illegible]

DEUTSCHE MARKS DM 125,000 $ per DM

[illegible]

SWISS FRANCS SwFr 125,000 $ per SwFr

[illegible]

JAPANESE YEN Y12.5m $ per Y100

[illegible]

FT-SE 100 INDEX £25 per full index point

[illegible]

U.S. TREASURY BONDS 8% $100,000 32nds of 100%

	Close	High	Low	Prev
Sept	61-25	62-10	61-21	63-03
Dec	61-02	61-20	61-02	62-13
March	60-19	—	—	62-00

Est volume 1,094 (780)
Previous day's open int 1,362 (1,309)

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

[illegible]

U.S. TREASURY BILLS (IMM) $1m points of 100%

[illegible]

CERT. DEPOSIT (IMM) $1m points of 100%

[illegible]

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

[illegible]

STERLING (IMM) Se per £

[illegible]

GNMA (CBT) 8% $100,000 32nds of 100%

[illegible]

MONEY MARKETS

London rates firm slightly

London short term interest rates had a slightly firmer trend yesterday, although sentiment was somewhat divided following contrasting events in Britain and the U.S.

Settlement of the docks dispute helped to take the pressure off sterling and solved the most immediate problem facing the Government, but this had to be set against a larger than expected rise in U.S. second quarter gross national product growth. An increase of 7.5 per cent, compared with an antici-

[illegible]

day of £300m through outright purchases of bills, repurchase agreements, and late assistance.

Major factors were: bills maturing in official hands, repayment of late assistance, and a take-up of Treasury bills from Friday's tender draining £319m, while the unwinding of repurchase agreements on bills absorbed £34m; Exchequer transactions £260m; and bank balances below target another £70m. These outweighed a fall in the note circulation adding £240m to liquidity.

Before lunch the authorities gave help of £224m, including outright bill purchases of £75m. These were by way of £21m bank bills in band 1 (up to 14 days maturity) at 12 per cent; £38m bank bills in band 2 (15-33 days) at 11⅞ per cent; £14m bank bills in band 3 (34-63 days) at 11¾ per cent; and £2m bank bills in band 4 (64-91 days) at 11⅝ per cent. Another £149m bills were purchased by the authorities for resale to the market on July 31, at a rate of 12 per cent.

In the afternoon £26m bank bills were bought outright in band 2 at 11⅞ per cent, and the Bank of England also provided late assistance of around £50m.

UK clearing banks' base lending rate 12 per cent (since July 12-13)

MONEY RATES

July 26	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	5.50-5.60	11⅛	1-2	5⅝-5¾	6.03125	16¼-16⅝	7.95	11¾-12
[illegible]								

LONDON MONEY RATES

[illegible]

FT LONDON INTERBANK FIXING

[illegible]

MONEY RATES

NEW YORK (Lunchtime)

[illegible]

ECGD Fixed Rate Export Finance Scheme IV: Average Rate of interest period June 5 to July 3 1984 (inclusive): 11.486 per cent.

Company Notices

£ WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on July 23, 1984. In some cases rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

[illegible]

INTERNATIONAL CAPITAL MARKETS

$100m credit for Tunisia

By Peter Montagnon in London

TUNISIA is today expected to launch a $100m, eight year credit in the Euromarkets, its first big borrowing since an $80m deal late last year, for Banque Nationale de Développement Touristique.

The new credit is due to be led jointly by a group of five international banks – Arab Banking Corporation, Bank of Tokyo, Banque Arabe et Internationale d'Investissement, Chase Manhattan and Credit Commercial de France.

Although a formal mandate has yet to be awarded, bankers believe that the conditions will include a margin of ½ per cent over Eurodollar rates for the first five years, rising to ⅝ per cent thereafter. The credit would carry a commitment fee of ¼ per cent and a management fee of ½ per cent.

These terms are slightly tougher for the borrower than last year's $80m credit, which bore a margin of ½ per cent for six years rising to ⅝ per cent for the remaining two. The grace period on the new deal of four years is one year shorter than on that previous loan.

Bankers note that although Tunisia is paying only slightly more for its money this year, it is one of very few borrowers facing tougher conditions in 1984 than it did last year.

Renewed interest rate fears hit Eurobonds

BY MAGGIE URRY IN LONDON

A HIGHER-than-expected U.S. gross national product figure hit the Eurodollar bond market, nervous of further rises in interest rates and the continuing strength of the dollar. Prices fell by ¼ to ½ point, and buyers kept well away.

BHF Bank bond average		
July 23		Previous
98.821		98.867
High	1984	Low
100.009		98.056

The only new issue – for Japanese shipping group NYK – did not trade actively. Led by Nikko Securities (Europe), the $50m deal was in part pre-placed in Japan. With a guarantee from Mitsubishi Bank, the five-year bond has a 13½ per cent coupon.

The sharp fall in the Tokyo stock market and the weakening yen persuaded Yamaichi International (Europe) to postpone the $30m convertible bond issue for Optec Dai-Ichi Denko announced last Friday.

Prices of outstanding Japanese convertible issues fell by three or four points.

With dealers still worried by the possibility that the West German 25 per cent coupon tax may be lifted, D-Mark bonds fell a further ½ to ¾ point.

Prices of seasoned Swiss franc bonds were unchanged in quiet trading. Credit Suisse priced its SwFr 50m private placement for Sanken Electric with a 2½ per cent coupon, as indicated, and a 9 per cent conversion premium. There is a put option after three years at 108½, to yield 4¾ per cent.

The European Coal and Steel Community is raising LuxFr 1bn through a 10-year issue with a 10½ per cent coupon. Lead manager is Banque Générale du Luxembourg.

● Mr Georges Gason, a Frenchman who was one of the founders of the Eurobond market, died at the weekend. He spent his working life in London, with the merchant bank, Hart Son & Co, and then with Samuel Montagu, which took over Hart in 1960.

Banks oversubscribe $420m Pechiney issue

BY PAUL BETTS IN PARIS

PECHINEY, the French state-owned aluminium and metals group, has made a strong return on the international capital markets. This follows the oversubscription by 33 international banks for the nationalised French group's US$420m financing, including $300m in non-guaranteed project financing and $120m in parent company guaranteed corporate financing.

Company officials said yesterday the oversubscription totalled $650m excluding an additional $120m in subscriptions by the three lead managers of the Pechiney issue.

The company regards the strong response to its first major international financing since nationalisation as an endorsement by the international banking community of the company's restructuring and recovery. Pechiney is expected to perform profitably this year.

The issue is the largest ever made by the company and is designed to help finance the group's 50 per cent share of a $1.2bn aluminium smelter project in Quebec.

In response to the recent fall in aluminium prices, Pechiney – third largest aluminium producer after Alcan and Alcoa – has decided to reduce 70,000 tonnes of capacity in Europe. The cuts follow similar reduction by other major aluminium producers.

The group is cutting 22,000 tonnes of capacity at its Flessingue plant in the Netherlands, 20,000 tonnes at its Greek plant, and 28,000 tonnes in France.

India turns to Japan for Y5bn credit

By R. C. Murthy in Bombay

INDUSTRIAL Credit and Investment Corporation of India (ICICI), a public sector financial institution, has given a mandate to Daiwa Securities of Japan to syndicate a Y5bn loan by private placement.

This is the second time India has tapped the Japanese market. Earlier, Industrial Development Bank of India (IDBI) secured the clearance of Japan's finance ministry for a Y5bn private placement after a wait of more than two years. Nomura Securities is the agent for the issue.

India's requirements for Japanese yen are growing following agreements for Indian motor manufacturers to produce Japanese-designed light vehicles and cars.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest internatinnal bood issues for which an adequate secondary market exists. The following are closing prices for July 23.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alaska Housing 11¾ 94	100	88¾	89¼	0	+0¼	13.86
All Nippon Airways 14 94	100	102⅞	103⅜	−0⅛	−0¼	13.41
American Savings 12 89	125	96⅜	96⅞	−0½	−0¾	12.96
American Sav 12¼ 89	100	96⅝	97⅛	−0⅝	−0⅝	13.13
Australian Ind Dev 11 89	75	90½	91	−0⅛	−0⅛	13.83
Austria Rep 13⅝ 92	109	88¾	99¼	0	+0¼	13.83
Bank of Tokyo 13⅝ 91	109	97	97½	−	−	14.26
Citicorp O/S 11¾ 99	100	†93¼	93¾	−0¼	−0¼	12.73
C.N.C.A. 13¼ 91	100	96⅜	96⅞	−0⅜	−0⅛	14.02
Comstfed Int 12¼ 88	125	95¼	95¾	−0¼	−0⅛	13.80
Creditanstalt 13⅛ 91	100	96⅜	96⅞	−0⅜	−0⅜	13.89
D.N.C. 11¾ 91 WW	50	89½	90	0	+2	14.22
D.N.C. 11¾ 91 XW	50	87½	88	+0½	+0½	14.75
Denmark Kingdom 12 97	100	90½	91	0	+0¼	14.28
Denmark Kingdom 13 91	100	95⅛	95⅝	−0⅛	0	14.04
Denmark Kingdom 14 91	100	99¼	99¾	−	−	14.11
E.D.C. 11⅛ 89	150	91¾	92¼	−0¼	−0¼	13.54
E.I.B. 12½ 90	100	94⅞	95⅜	−0⅜	−0¼	13.14
E.I.B. 12⅞ 84	100	95¼	95¾	−0⅜	−0⅛	13.11
Eurofima 12½ 91	100	94⅞	95⅛	−0⅛	+0⅛	13.84
Ex-Im Bk Japan 13⅛ 81	75	101½	102	−0⅛	−0⅛	12.84
First Michigan 13⅛ 89	125	97¾	98¼	−0⅛	+0¼	13.82
Florida Fed Sav 12⅞ 89	150	95⅝	96⅛	−0⅛	−0⅛	13.56
Gen Elec Credit 0 00	600	24½	25	−0⅛	−0⅛	12.38
Gen Elec Credit 11 91 WW	200	92⅜	92⅞	−0⅛	−0⅛	12.68
Genossen Zentral 14 91	186	99⅛	99⅝	0	+0⅛	14.13
GMAC O/S Fin 13 86	200	99⅞	100⅜	−	−	12.90
Gulf & Western 12⅛ 89	100	91⅜	91⅞	−0⅛	−0⅜	14.69
Indust Bk Japan 11½ 89	125	91¼	91¾	−0⅛	−0⅛	14.08
Indust Bk Japan 13⅛ 81	125	100⅛	100⅝	−0½	−0¼	13.76
Int Paper O/S Fin 12 81	75	96⅜	96⅞	−0¼	−0⅛	12.74
Japan Air Lines 12½ 94	70	93⅜	93⅞	−0½	−0⅛	13.17
L.T.C.B. 11⅞ 89	100	91⅞	92⅜	−0⅜	−0⅜	14.24
Macy O/S 11¾ 81	100	91¾	92¼	−0¼	0	13.64
Mitsui Trust Fin 12 81	100	90	90½	−0⅛	−0¾	14.36
Montreal City 12½ 91	79	93⅞	94⅜	−0⅛	−0½	13.86
Morgan Guaranty 12⅛ 89	150	93⅝	94⅛	−0⅛	+0⅛	14.08
Newfoundland Prov 13 91	75	97	97¾	−2½	−2¼	13.58
Nippon Tele 11⅞ 00	186	94⅜	94⅞	−0⅜	−0½	12.14

* No information available-previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield to redemption of the mid-price: the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week – Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date – Date next coupon becomes effective. Spread – Margin above six-month offered rate (†† three month; § above mean rate) for U.S. dollars. C.cpn – current coupon. Cu. yld – current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day – Change on day. Cnv. date – First date for conversion into shares. Cnv. price – Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem – Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

OVER-THE-COUNTER

Continued from Page 26